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Gulf War sharks continue to do well, Page 3

World news / **Business summary**

Libyan offensive in Chad halted

Fighting in Chad continued for the fourth day in a row following an offensive by 2,000 Libyan troops to gain control of three small towns which hold the key to the Tibesti mountains.

The offensive, backed by tanks, aircraft and heavy artillery, was halted by violent sandstorms as much as by the resistance of troops loyal to Mr Goukouni Oueddei.

Colonel Muammar Gadaffi, the Libyan leader, accused France and the US of military interference in Chad and said his country would meet border threats "with all its might". Page 3

Hamburg bomb hunt

Police were searching for incendiary devices in Hamburg shopping centres after nine explosions in 24 hours caused millions of dollars worth of damage.

Pakistan reshuffle

President Zia ul-Haq of Pakistan swore in a slimmed-down cabinet of 16 to replace the 35 who resigned in the wake of Karachi ethnic riots which left 185 people dead. Page 3

Uruguayan amnesty

A controversial amnesty has been granted to Uruguayan military leaders accused of human rights violations after acrimonious debates in parliament which led to scuffles and exchanges of blows. Page 4

N-plant rejected

The West German state of Hesse, ruled by a Socialist-Greens coalition, has rejected plans to build an atomic power station. Page 2

Captives go free

Mozambican right-wing rebels freed their last remaining foreign captives on the Malawi border in a Christmas goodwill gesture. The eight released were a Briton, a West German and his wife and daughter and four Portuguese. Page 3

Melilla shops shut

Most Moslem shops in the Spanish North African enclave of Melilla were closed at the start of a two-day protest against restrictions on full citizenship for residents of Moroccan origin.

Vanunu 'abducted'

Mr Mordechai Vanunu, the former Israeli nuclear technician accused of selling his country's atomic secrets, managed to convey a message to the press indicating that he was abducted in Rome. Page 3

Radioactive sales

Dealers, including agents from Egypt and Central America, are bidding to buy 5,000 tonnes of radioactive powdered milk stored in boxcars on a Bavarian railway siding, a spokesman for the state environment ministry in Munich said. Cows from which the original milk came had their feed contaminated by the Chernobyl disaster.

Iraqi air raid toll

At least 100 civilians were killed and many more were wounded when Iraqi warplanes bombed the Iranian city of Islamabad-e Gharb, the Iranian national news agency said.

Irish treasure

An eighth century book shrine, containing a copy of the gospels and said to be a treasure ranking with the Book of Kells, has been found at the bottom of an Irish lake.

Fat One pays off

El Gordo (the Fat One), Spain's $550m Christmas lottery, brought windfalls for an old people's home in Palencia, northern Spain, which won $3.7m, and for a Spanish immigrant in Australia who holds two winning tickets.

Boral bid for Blue Circle subsidiary

BORAL, Australia's leading building products group, has made an A$573m (US$383m) takeover bid for Blue Circle Southern Cement, Australia's largest cement manufacturer 41 per cent owned by Blue Circle Industries of the UK. Page 12

RUPERT MURDOCH, the media magnate with interests in Australia, the UK and the US, has made a general offer of HK$77 (US$9.8) a share for the outstanding 46.2 per cent stake he does not already own in the South China Morning Post, Hong Kong's leading English language newspaper. Page 13

MERRILL LYNCH, the US brokerage and investment house, has cancelled plans to sell outright its large residential real estate business, which was widely thought to be worth at least $500m. Page 13

GENERAL ELECTRIC of the US is providing a credit line of $500m to its newly-acquired brokerage subsidiary Kidder Peabody in an aggressive move designed to thrust Kidder into the current boom business on Wall Street. Page 13

WALL STREET: The Dow Jones industrial average closed down 2.67 at 1,926.18. Page 28

LONDON: Hopes that the Opec policy agreement would lead to a reduction in the upward pressure on interest rates boosted share prices. The FT-SE 100 closed 20.0 higher at 1,652.2 and the FT Ordinary index added 14.0 to 1,286.1. Page 28

TOKYO: Light selling dealt a blow to share prices after earlier surges to new peaks. The Nikkei market average closed 104.63 lower at 18,825.40. Page 28

DOLLAR closed in New York at DM 1.97701 SFr 1.65625; FFr 6.4925; and Y162.65. It fell in London to DM 1.9780 (DM 2.0060); FFr 6.4975 (FFr 6.5725); SFr 1.6595 (SFr 1.6845), and to Y162.75 (Y163.15). On Bank of England figures the dollar's index fell to 109.9 from 110.8. Page 21

STERLING closed in New York at $1.4425. It rose in London to $1.4420 ($1.4330). It also rose to Y234.50 (Y233.75), but fell to DM 2.8525 (DM2.8750), FFr 9.3700 (FFr 9.4200) and SFr 2.3925 (SFr 2.4150). The pound's exchange rate index fell 0.1 to 68.5. Page 21

GOLD rose 25 cents to $393.75 on the London bullion market. It fell in Zurich to $394.25 from $395.00. In New York the Comex February settlement was $396.3. Page 20

WEST GERMANY'S trade surplus continued at a high level in November with the total for the first 11 months of 1986 topping DM 100bn, more than the 1985 record for the whole year. Page 2

VOLKSWAGEN, the West German motor group, is buying a further 24 per cent in Seat, the loss-making Spanish car company, to bring its total shareholding up to 75 per cent by the end of this year. Page 13

PARIBAS, the French banking group, has published its half-yearly results for the first time in preparation for its privatisation next month. The group recorded net profits of FFr 1.8bn ($273.9m) in the six months to June compared with FFr 2.7bn in the whole of 1985. Page 12

MALAYSIA'S largest newspaper publishing group, New Straits Times, has reported a 53 per cent drop in pretax profits to 24.5m ringgit ($9.5m) for the year ended August and cutting its dividend in half. Page 13

PORSCHE, the West German luxury sports car maker, has left itself "uncomfortably exposed" to fluctuations of the dollar against the D-Mark because of its heavy dependence on the US market, according to a Phillips & Drew report. Page 4

JOY MANUFACTURING, the Pittsburgh-based industrial equipment maker which recently rejected a $31 a share tender offer from Pullman-Peabody, has agreed to be purchased by an affiliate of New York investment firm Adler & Shaykin in a leveraged buyout worth $620m.

Chirac faces new test over public transport strikes

BY PAUL BETTS IN PARIS

MR JACQUES CHIRAC, the French Prime Minister, sought yesterday to defuse the spreading strike in French public transport which risks turning into a major new test for his Government.

Rail traffic in France yesterday was virtually paralysed by the strike, stranding thousands of holiday travellers. The Paris Metro and suburban rail network were also hit by the strike as were ferry services to Corsica.

The railway unions and the Societe Nationale des Chemins de Fer (SNCF), the state railway company, were due to start negotiations to try to end the strike last night. Mr Chirac called an emergency meeting of ministers to review the situation and subsequently appealed to public sector workers and employees of nationalised groups to return to work.

In a communique after the special interministerial meeting, the Government said France was now at a crucial stage in its economic recovery programme. It also renewed its call for moderation in price and wage increases next year and said that public sector wage increases should reflect, on average, the rise in the cost of living. The Government is aiming for a consumer price inflation rate of 2 per cent next year.

The latest strikes have caused considerable turmoil on the railways in the busy Christmas holidays, and are now seen as a further political challenge for Mr Chirac's conservative Government, still trying to recover from student protests earlier this month.

The Government's decision to back down to the students, by withdrawing its controversial university reform bill, is seen as one of the main prompts for the wave of transport strikes. Railway workers are seeking to force the Government's hand in the same way as the students.

Moreover, the Government last week sought to appease a growing protest movement among farmers by granting a FFr 2bn ($300m) aid package to farmers to help compensate for the decline in their incomes in the last few years and for the latest EEC agreement on milk production cuts. The Government also faced a strike of more than a week at Agence France Presse, the French news agency, which led to the resignation of its chief executive.

The Government sought last week to reaffirm its authority by forcing through Parliament at the last minute its new legislation on flexible working hours, opposed by President Francois Mitterrand. But even the right-wing press has acknowledged that the Government faces an uphill task to re-establish itself fully after the student protests.

The right-wing Le Figaro said in a front page editorial yesterday that the Government's troubles stemmed from the impression of weakness it had given, first in the student affair and subsequently with the farmers.

Indeed, the transport unrest began last week as a series of specific strikes in certain sectors. Pilots of the Air Inter domestic airline went on strike until the weekend, to protest the company's efforts to introduce airliners with two instead of three cockpit crew.

In the railways, protest started with a strike in the SNCF ticket reservation department, with employees seeking a special bonus after the introduction of new electronic booking systems. However, the strike quickly snowballed as the unions and other rail employees entered the fray, calling, among other things, for pledges on salary increases next year.

OECD warns of danger in US budget deficit

BY GEORGE GRAHAM IN PARIS

THE Organisation for Economic Co-operation and Development (OECD) has sounded a warning of danger ahead if the US does not reduce its federal budget deficit.

Cutting the budget deficit is the top priority both for the sake of US economic growth and for the international economy, the Paris-based organisation says in its yearly assessment of the US economy.

Failure to achieve steady reductions in the US federal deficit could lead to a bond market fall and hinder progress towards lower interest rates, the OECD says. It could also hinder the needed correction of the huge US external deficit.

The OECD report suggests some scepticism over the prospects for achieving the budget deficit reductions promised by the US Administration, and says they are based on relatively optimistic assumptions.

There is no ultimate guarantee that the required budget cuts will be carried out, following the Supreme Court's decision to discard the automatic spending cut mechanism provided for in the recent balanced budget act. But the OECD says that it is very important that the reduction in the budget deficit in the US is actually implemented.

Over the medium term, the need for fiscal correction is reinforced by the growing interest rate burden on US Government debt. This could limit fiscal flexibility in the future and compound the deficit problem.

Steady reduction of the deficit would reduce or eliminate whatever "budget deficit premium" may still be contained in long term interest rates, enhancing the growth prospects of the US economy through higher productive investment.

Fiscal correction may also be the key to adjusting the US external imbalance, the OECD suggests.

The organisation calculates that the US external deficit may still be in the order of $100bn, or 2½ per cent of gross national product, even when the lagged effect of the decline of the dollar to date have worked through. Beyond that, the trade balance would be unlikely to narrow much unless US competitiveness improved further.

"Although there is no generally agreed precise definition of what constitutes an unsustainable current account imbalance, the need for correction of the current account deficit is clear," the OECD says.

Overall, the organisation projects GNP growth of 3 per cent of the US in 1987, with the unemployment rate declining to 6.7 per cent.

Key EEC exports face higher tariffs in grain row with US

BY QUENTIN PEEL IN BRUSSELS

EEC TRADE negotiators expect the US to announce tariff increases for key European exports before the end of the year because of failure to resolve their dispute over lost grain sales to Spain – but to set no immediate date for their implementation.

The move would keep up the pressure on the Community to offer improved compensation, but allow more time for a settlement in the new year.

The 12 permanent representatives of the EEC member states in Brussels met yesterday to confirm their request for a month's delay beyond the December 31 deadline for resolving the conflict – potentially the most serious dispute between the two blocs in recent years.

They offered dates in January for further negotiations on compensation for the loss of up to $500m in US sales of maize and sorghum following Spain's entry into the EEC last January.

No response has yet been received from Washington on the European request for a postponement of hostilities, but the Reagan Administration is known to be under political pressure not to be seen to make any concessions in the present climate.

Trade negotiators in the European Commission were nevertheless looking more hopeful yesterday of getting a Christmas and New Year break from the settlement effort and returning to the talks in mid-January.

US retaliation is expected to affect sensitive European exports like wine, brandy and cheese – all coming mainly from France – regarded as the strongest EEC opponent of generous compensation. Tariff bindings have already been removed from those products in preparation for such action.

The Community has already announced that it will stand by its determination to respond to any such measures with counter-action to hit US sales of corn gluten feed, rice and wheat – and thereby hit the same farm lobby putting the pressure on Washington.

The Community has shifted from its original stance of offering compensation only in terms of industrial sales to Spain, and is now prepared to accept non-Community supplies of feedgrain to Spain totalling 1.6m tonnes.

That is still a long way short of the US demand for compensation, which seeks guaranteed sales of around 3m tonnes out of a Spanish import need estimated (by Washington) at 4.4m tonnes.

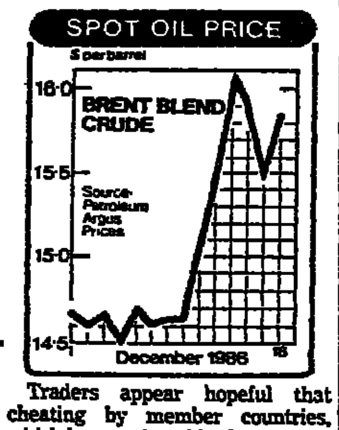
If immediate retaliatory measures are imposed by the US, the Community will suspend action on the temporary truce deal agreed last July, under which it would import 234,000 tonnes of feedgrain each month.

Some 650,000 tonnes remain to be bought under that arrangement before the end of February.

Crude prices buoyant after Opec accord

BY LUCY KELLAWAY IN LONDON

OIL prices rose yesterday to their highest levels for 10 months in response to the agreement reached over the weekend by the Organisation of Petroleum Exporting Countries to cut oil production and fix prices around a reference point of $18 a barrel.



In London the price of Brent crude oil for delivery in February jumped at one stage to $18, more than double the price in July and about $3 higher than before the Geneva meeting a fortnight ago.

As the day progressed enthusiasm waned slightly, leaving prices for February at $17.45, about $1 higher than Friday's close.

In New York the movement was less pronounced, with West Texas Intermediate trading about 80 cents higher at $17.20 by mid afternoon.

Analysts yesterday expressed hope that Opec would succeed in limiting production to around the 15.8m barrels a day (b/d) collective ceiling agreed by 12 of the 13 member states.

Production for the first quarter is expected to be about 16.5m b/d compared with present production of about 17.3m b/d. This will include at least 1.8m b/d from Iraq, which is not party to the agreement, but has a nominal quota of 1.47m b/d written into the groups total.

Traders appear hopeful that cheating by member countries, which has continued in the past few months with Saudi Arabia, the UAE and Kuwait all producing above quota, could be restrained under the new agreement.

Mr Mehdi Varsi, oil analyst at Kleinwort Grieveson, said yesterday: "The extraordinary common sense of purpose by the member states was something just short of miraculous." He predicted that production in the first few months of next year would be close to the ceiling.

The market was more doubtful yesterday about whether Opec

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Sterling makes initial gains after oil pact

BY JANET BUSH IN LONDON

STERLING rose sharply yesterday in an initial reaction to the agreement at the weekend by the Organisation of Petroleum Exporting Countries (Opec), but buying tailed off later as focus switched to today's UK balance of payments figures.

The pound made some headway against the dollar, which was itself under pressure, but lost ground against most European currencies. Foreign exchange dealers said that the market was thin yesterday as few traders were willing to take aggressive positions ahead of Christmas.

Some foreign exchange dealers were surprised that sterling did not bounce further in response to the Opec agreement, which was greeted favourably by other markets.

Prices on long-dated UK Government bonds ended around one point higher.

On the London Stock Exchange, equities responded strongly to the Opec agreement. The FT-SE 100 index closed 20.0 points higher at 1652.2 and the FT ordinary index rose 14.0 to 1286.1.

Sterling closed at DM 2.8525 compared with the close on Friday at DM 2.8750, but was higher against the dollar at $1.4420 compared with Friday's closing $1.4330. The Bank of England's trade weighted index finished at 68.5, lower than yesterday's opening at 68.8 and Friday's closing 68.6.

One reason for sterling's failure to attract follow-through buying yesterday was that it had already risen some way last week on hopes of an Opec agreement. There was some concern about Iraq's refusal to sign the deal but dealers still attributed the relatively muted mar-

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Chinese leaders' tolerance turns to toughness

By Robert Thomson in Shanghai

PROTESTERS surrounded the Shanghai city hall again yesterday as militant posters appeared at the city's universities in defiance of a virtual ban by the Chinese Government on the student demonstrations.

Official patience started to run out yesterday as thousands of students went into the fourth day of demonstrations in Shanghai. The Government warned that some protesters have committed counter-revolutionary crimes.

Several thousand students also gathered in Peoples Square, in the city centre, and erected banners calling for "human rights and democracy." They chanted slogans such as "down with the new bureaucratism."

The switch of attitude by the Government from tolerance to toughness began overnight when the official news agency, Xinhua, released a statement accusing the protesters of injuring 31 police and alleging that provocateurs were taking advantage of the students' "patriotic zeal."

Diplomats believe that the spate of protests, which began in Shanghai on Friday after similar protests at other major universities in the previous two weeks, are likely to have prompted intense political debate within the Chinese leadership over the course of the country's reform programme and over the apparent loss of Communist Party control.

There were fewer demonstrators yesterday than on the previous three days, and the police were more aggressive in trying to disperse those who had gathered in front of the government building on the Shanghai waterfront. Several times yesterday about 200 police officers pushed the students and workers back towards the Huangpu River, and a public address system warned those on the road that they were breaking the law.

Behind yesterday's protests lay a variety of vague complaints as well as anger over police notices forbidding street marches and warning of arrests. Students with whom I spoke had complaints ranging from reform moving too quickly to the slowness of the reform programme.

One worker complained that his bosses got all the benefits and he got nothing, while others voiced disapproval of price rises, the lack of press freedom, police brutality, China's backwardness, and the stultifying bureaucracy.

However, the students' drive for democracy has shown that at least

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CONTENTS

EEC agrees shipbuilding aid code

BY WILLIAM DAWKINS IN BRUSSELS

EEC industry ministers yesterday agreed on a shipbuilding aid code which will limit assistance for larger contracts to 28 per cent of cost over the next four years.

The accord was made possible by significant compromises from all sides with Italy and Britain scaling down their demands for more generous assistance than the 26 per cent proposed by the European Commission in its five-year shipbuilding plan.

West Germany Denmark and the Netherlands, meanwhile, abandoned their previous staunch opposition to any increase in the Commission's proposed aid limits.

The new system, which comes into effect on January 1, sets a 20 per cent aid ceiling on smaller contracts with a value of less than Ecu 6m (£4.3m) to reflect the greater competitiveness of that end of the merchant shipbuilding industry.

EEC newcomers Spain and Portugal have been exempted from complying with any Community ship aid limits for four years as long as they compete fairly against other EEC yards on individual contracts.

Mr Giles Shaw, the UK Minister of State for Industry, said the agreement "now offers the European merchant shipbuilding industry the best possible chance for the future to compete against Far East shipbuilders, especially in the more specialised sectors. It gives them both an opportunity and a real incentive to improve their performance and operate compeitively in the future."

He pointed out that the new aid ceiling comes out at 39 per cent of average price, as opposed to cost, which constituted — for British shipbuilders at least — a "substantial" increase.

Under the present system, individual member states determine their own permitted aid levels with the Commission, while the new code applies equally throughout the Community. The present code only covers direct aid.

Ministers were yesterday under more than usual pressure to reach a compromise. The Commission had threatened to use its right to decide the level of aid permitted for each individual contract after the present system expired at the end of this year — a prospect which member states feared would lead to both harsher and less consistent controls than now exist.

● Three more steps were agreed by EEC industry ministers yesterday towards the creation of barrier-free trade in goods and services in the European Community.

The measures, which include a regulation that will oblige public authorities to introduce more open competion for their purchases of supplies, bring to 47 the number of internal market decisions taken during Britain's six-month presidency of the EEC.

They also complete the 13 proposals outlined last month by Mrs Margaret Thatcher, the UK Prime Minister, in a letter to fellow heads of Government, urging faster progress on internal market decisions.

Ministers also agreed yesterday on standards for the introduction of Integrated Services Digital Network, ,the new broad band telecommunications system that is due to update and expand on the present network in the next decade.

A compromise by Denmark permitted another decision on new noise limits for construction equipment. Copenhagen had until yesterday blocked agreement because it wanted tougher standards than proposed by the European Commission.

Including the 21 international market decisions made during the Netherlands presidency during the first half of the year, member states have sanctioned a total of 68 measures to encourage free trade in the EEC during 1986. That is well behind the 95 measures targeted for 1986 in a programme agreed by the Netherlands, the UK and Belgium – due to take over as EEC president at the turn of the year – but it is far better than many observers were predicting as little as a month ago.

Soviet companies miss targets

By Patrick Cockburn in Moscow

A THIRD of all Soviet enterprises failed to meet their contract commitments for the delivery of goods or services in the first 11 months of the year but industrial output was above target according to the news agency Tass.

Industrial output grew by 4.9 per cent and labour productivity in industry by 4.6 per cent compared to the same period last year. There was a 4 per cent increase in the fuel and energy sector which asborbs much of Soviet capital investment.

The growth of the economy this year and a good harvest of 210m tonnes of grain is good news for Mr Mikhail Gorbachev although the country's foreign trade with the West is still suffering from the drop in the price of oil and oil products which provide most of its export earnings.

The Soviet oil industry, whose production had lagged over the past three years, is now on target and there has been an 8 per cent increase in the output of gas.

The constraints imposed by the lack of hard currency have been underlined by the official admission that the disappearance of coffee from most Moscow shops this summer was because the Government had decided against allocating scarce foreign exchange to meet higher coffee prices earlier this year.

Despite the good economic performance this year, the structural reforms promised by Mr Gorbachev are only being implemented from the start of 1987 or later next year. The improvement in energy and the removal of bottlenecks in transport and construction materials is mainly attributed to improved management rather than reorganisation.

● The Communist party newspaper in Kazakhstan, scene of last week's riots, contain no details of the party meeting which removed Mr Dinmukhamed Kunaev, Kazakh party leader for more than 20 years and replaced him with Mr Gennady Kolbin, a Russian.

Glossy weeklies have promoted a picture of unbridled spending, Andrew Fisher reports

W. Germany fails to live up to luxury boom

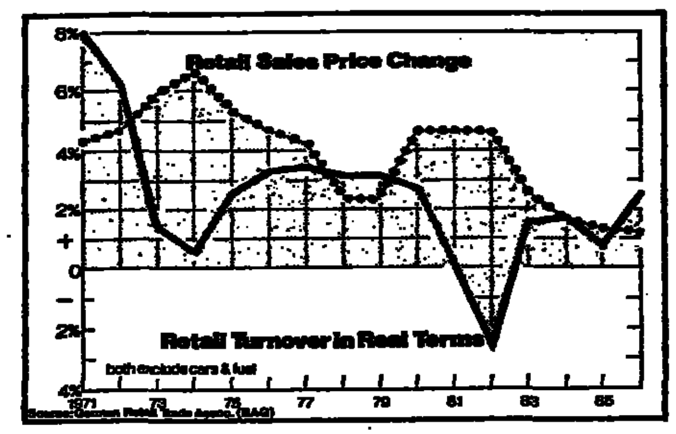
IF SOME of the West German weeklies are to be believed, consumers in the Federal Republic have gone for decadence in a big way. Fur coats, jewellery, cosmetics and fast cars have been disappearing from shops and showrooms as fast as they can be put on display and champagne, oysters and caviar are being consumed as never before.

Certainly there is enough wealth in Germany to support the luxury end of the retail trade, but the industry is quick to quell any notion that the usually solid, cautious Germans have gone overboard for luxury, at Christmas or any other time.

With a rise in real incomes that is the highest for 12 years —the Bundesbank said the advance in the first half of 1986 was 4.1 per cent—West Germans have more money in their pockets than ever before. The higher D-mark has made imports cheaper, low oil prices have made a big dent in energy and fuel costs and a tax cut at the start of the year did not go amiss.

Thus West German consumer spending has been on the rise and is likely to move further ahead next year. Shops and stores generally report buoyant, though not sensational, Christmas business and the lack of inflation has kept up buyers' spirits. All in all, West Germans are expected to spend around DM 19bn ($9.5bn) on their pre-Christmas purchases, a rise of about 3.5 per cent on 1985.

On this basis the glossy weeklies have sought to present a picture of unbridled



luxury. A pretty redhead stares from the cover of Der Spiegel, her hair loose around her shoulders. Around her neck is a gem-studded silver band. She wears a fur stole.

In large pink letters, the word "Luxury" leaps from the page. The full title of the article is "The drug luxury. The Germans in a buying frenzy." Other magazines have run pieces called "The lust for enjoyment" and "The German buying wonder."

Since domestic consumption is supposed to become an increasingly more important pillar of the economy as exports weaken in the face of the D-mark's sharp rise, news of higher spending is more than welcome to West German policymakers.

Real purchasing power has been boosted by an estimated DM 60bn in 1986 compared with the usual DM 10-20bn. More cars are being bought, with new registrations up by 16 per cent in the first 10 months, more exotic holidays are being taken more often and shops report record business.

Yet the retail trade growth does not show a massive rise in spending, rather a steady improvement. Excluding cars and fuel, the retail trade has shown an advance of 3.5 per cent to an estimated DM 414bn this year, or 2.5 per cent in real terms. Retail prices are expected to edge up by 1 per cent in the first half of 1987 against the same period of 1986, the lowest increase for at least 15 years.

Retail trade growth in 1987 is expected to be broadly similar to this year, possibly slightly lower. With inflation down to nil—lower fuel prices have helped cancel out rises in other sectors—people do not feel pressured into immediate buying.

Nor, apparently, are they rushing madly into the arms of luxury. "There is no luxury boom," says Mr Kurt Alberts, a director of the Karstadt store group, thereby deflating the whimsical view of a people suddenly overwhelmed by avarice and pleasure. "Consumers are price-conscious and go for the middle range."

Sales of sports and fitness gear and clothing have bounded ahead. "Squash is very strong these days, and so is bodybuilding," notes Mr Alberts. "It's a new philosophy of life to be healthy, beautiful and fit."

Always a well-dressed people, West Germans are increasing their spending on clothes considerably. The clothing sector saw output in 1986 expand for the first time in many years, according to a Commerzbank study. Total sales were up by nearly 5 per cent in the first eight months, with exports showing a near 12 per cent jump.

The bank said clothing and footwear accounted for some 8 per cent of consumer spending—less than in past years, as prosperity has reduced the scope for further market penetration—compared with 30 per cent on cars, travel and leisure, 26 per cent on food and drink and 18 per cent on the home.

In 1987 the rise in purchasing power is expected to be more moderate than this year at around DM 30bn, which leaves plenty of scope for more retail trade growth.

So there is no reason for West Germany's shopkeepers to become euphoric. Level-headedness remains the order of the day among consumers, though many can splash out if they want to. The spend, spend, spend mentality is still only for the privileged few.

WEST GERMANY'S trade surplus continued at a high level in November, with the total for the first 11 months of 1986 topping DM 100bn (£35bn), writes Andrew Fisher. This was higher than the 1985 record for the whole year, but 1987 is expected to show a marked decline as exports weaken in the face of the sharply stronger D-mark.

At DM 10.2bn, the November trade surplus was well above the DM 7bn reported for the same month of 1985. But it was lower than the record DM 10.9bn in July and the DM 10.7bn in October. The November current account surplus, including trade in both goods and services, was a record DM 9.8bn compared with DM 8.3bn in October.

The surpluses have brought repeated calls from other countries, notably the US, for action to stimulate the domestic economy. But the Government and the Bundesbank have said steady growth and a rapid rise in money supply make such moves as a cut in the 3.5 per cent discount rate unnecessary.

Hesse rejects proposal to build N-plant

BY DAVID MARSH IN BONN

A WEST GERMAN state has for the first time turned down plans to construct an atomic power station, giving the clearest indication yet of the considerable hurdles placed in the path of nuclear planners by the Chernobyl reactor accident in the Soviet Union.

The state of Hesse, ruled by a coalition of the Social Democratic Pary (SPD) and the anti-nuclear Greens, rejected a proposal by the Preussen Elektra utility to build a 1,300 MW pressurised water reactor at Borken in the north of the state.

In view of the strongly anti-nuclear campaign by both the SPD and the Greens during the run-up to next month's national elections, the Hesse decision was not surprising. But it comes at a time when the nuclear industry increasingly believes that, whatever the outcome of the elections, no new nuclear plant orders are likely in West Germany at least until the beginning of the next decade.

Even in states run by the pro-nuclear conservative parties, the Christian Democratic Union and Christian Social Union, approval of new plants in the next few years is thought unlikely

In turning down the Preussen Elektra application, Mr Ulrich Steger, Hesse's Economics Minister, said a new plant would impede energy saving efforts and create over-capacity.

Although nuclear plans have often been held up over the past decade by court decisions, the Hesse move represented the first time in West Germany that a planning application has been turned down outright by state authorities.

Preussen Elektra had wanted to build a plant to replace a lignite-fired power station due to be decommissioned in 1993.

Mainly because of erroneous planning assumptions in the 1970s about energy demand, West Germany's power station capacity is around 20 per cent more than needed to cope with peak demand. This is a strong argument cited by anti-nuclear campaigners. The Government also admits that the electricity production costs of new nuclear plants are now more or less equivalent to those of the latest antracite-fired power stations.

Swedish trade surplus falls

SWEDEN'S foreign trade surplus in November fell to SKr 1.8bn (£182m) compared with SKr 3.7bn in the corresponding month last year, according to the central office of statistics, writes Kevin Done in Stockholm. It was the fourth consecutive month that the surplus was lower than a year earlier.

The value of exports fell in November by 5 per cent to SKr 22.8bn; the value of imports rose by 4 per cent to SKr 21bn. Excluding oil and ships exports fell by 3 per cent, while imports rose by 14 per cent.

OVERSEAS NEWS

Libyan drive into Chad meets stiff resistance

BY FRANCIS GHILES IN PARIS

FIGHTING in Chad continued yesterday for the fourth day running following an offensive by 2,000 Libyan troops on Friday to gain control of Bardai, Zouar and Wour, three small towns which hold the key to the Tibesti mountains in the north of this former French colony.

Th offensive, which is backed by tanks, heavy artillery and aircraft, was halted before Bardai, as much, it seems, by violent sandstorms as by the resistance of the Forces Armees Populaires (FAP) of Mr Goukouni Oueddei. (At Wour and Bardai the situation was more confused. The FAP are being helped by the Forces Armees Nationales Tchadiennes (Fant) of the Chadian President, Mr Hissene Habre. Until earlier this year, the supporters of Mr Oueddei, who is the former Chadian head of state, were supported by the Libyans, but in the current fighting all Chadian political groups appear to be united for the first time in more than a decade.

The US Government last week announced it would offer Mr Habre $15m worth of military aid. France for its part remains very cautious as the current fighting is taking place north of the 16th parallel which has constituted in recent years a tacit ceasefire line between the Libyan troops which occupy Fada and Faya Largeau, further east of the Tibesti, and the French troops which back the Chadian president.

Col Muammer Gadaffi, the Libyan head of state, said yesterday that he would react strongly to any attack on Libya's southern frontier. He added that the US wanted to transform "Chad into a militar basis and represented a menace for the Arab world."

Indonesia import monopoly system under growing fire

BY JOHN MURRAY BROWN IN JAKARTA

MINISTERIAL SUPPORT is mounting in Indonesia for an end to import monopolies, widely held to be the main cause for the country's high-cost economy. Mr Hartoto, the Industry Minister, over the weekend joined forces with Mr Radius Prawiro, Finance Minister, in openly criticising the system, which gives monopolists the right to control supply and so set the price of key industrial inputs.

Mr Prawiro said last week that it was "only a matter of time" before a change. He said he preferred "import tariffs in protecting domestic producers, as this would encourage the competitiveness of Indonesian-made goods."

In October, the Government scrapped 165 monopolies but left the key sectors of steel, plastics and motor components untouched.

Economists say the system is administratively grossly complicated, offers wide scope for abuse, and provides the Government with no revenue. Indonesia currently faces its worst recession in 10 years, following the fall in the price of oil, historically its main foreign-exchange earner.

The issue received a special prominence recently, following articles in the Asian Wall Street Journal, alleging that key monopolies were controlled by President Suharto's family.

Similar allegations in the Sydney Morning Herald in April set off a diplomatic row between Jakarta and Canberra prompting Indonesia to refuse entry to all Australian journalists.

Mordechai Vanunu

Vanunu 'seized in Rome'

By Judith Maltz in Jerusalem

MR MORDECHAI VANUNU, the former Israeli nuclear technician accused of selling his country's atomic secrets, surprised the press waiting for him to appear before the Jerusalem District Court on Sunday by relaying to them details of his abduction to Israel.

He pressed his palm against the window of the police van to display a five-line message written on his hand, of which the first line said: "Vanunu was hijacked from Rome, Italy, 30/9/86, 21.00. I came to Rome on BA504." the rest was unintelligible.

Mr Vanunu was apparently trying to say that he had flown on British Airways flight 504 to Rome, from where he was abducted on September 30.

On leaving the court several hours later, Mr Vanunu tried to speak to reporters. In answer to one question about the location of his abduction, he managed to shout "Rome." before the police restrained him.

According to Israeli press reports yesterday, the country's security services are investigating how Mr Vanunu managed to write a message on his hand without the police noticing; why his hands were not handcuffed; and how he was able to speak to reporters on his way out of the court.

Informed sources in Israel say that the latest details of Mr Vanunu's abduction do not contradict earlier reports that he was flown to Israel from Paris on October 2.

It is still not clear why he suddenly travelled to Rome without notifying his contacts at the Sunday Times.

He has been charged with treason and two counts of aggravated espionage.

The conflict in the Gulf has bred a different kind of mercenary, **Angela Dixon** reports

War where only the sharks do well

Iran announced yesterday that its long-range artillery had begun shelling Iraqi targets in retaliation for air attacks which Tehran Radio said had killed 80 civilians and injured many more, Our Middle East Staff reports. The southern Iraqi town of Basra appeared to be the main Iranian target.

Iran claimed that most civilian casualties occurred when Iraqi aircraft struck at the western town of Islamabad-e-Gharb, early yesterday. Baghdad Radio denied the Iranian claim, stating that its aircraft had attacked military camps and air bases.

The Iraqi raids are aimed at disrupting Iranian preparations for a fresh offensive in the six-year Gulf war. Apart from military targets close to the war front, Iraq has also been hitting industrial sites.

THE GULF war has bred a new species of mercenary—the oil shuttle captain. He carries no weapons, yet his ship is a target in this increasingly fierce conflict.

He may be British, Scandinavian or Polish, he is often the only European on board and his vessel may be less than seaworthy. But he can earn more in a year than he could hope to bring home in 10 years of normal seafaring.

As far as the Iranian authorities are concerned, the oil must continue to flow in order to bring in much-needed currency, and they are prepared to pay over the odds.

Captains and crew are paid in dollars. The charter firm employs the captain and pays him the basic rate. What he gets over and above that is largely what he negotiates with the National Iranian Oil Company (NIOC).

Some are paid by the month, others by the trip. The rate for a single trip can be $10,000 (£7,000) or thereabouts, and up to three or even four trips a month are possible. Others get a flat monthly rate.

Shuttle captains can save enough to set up in business or contemplate retiring when their contribution to the war is over — provided they survive.

By contrast, crewmen's rates look fairly small. Filipinos and Indians for the most part, they earn a flat rate of anything up to $370 per month for the dangerous run, a small sum which nevertheless compares favourably with their normal earning capacity.

Charter companies are also doing well out of the war. "Cash is more important than human life," commented one man. In a world where shipping companies are going broke right and left, the chances of purchasing vessels at rock bottom prices are many.

One entrepreneur is said to have started out by chartering a single shuttle ship to Iran. He now has a fleet of 22 vessels.

There is a demand not only for shuttle ships, but also for tug-boats, crew supply boats and general cargo boats.

If a boat is hit, or has engine failure, there are plenty more waiting for business outside the Straits of Hormuz. Any visitor to the Emirates can see a queue of ships lying off the coast of Fujeirah. Repairs are carried out at ports along the southern Gulf, such as Bahrain and Dubai.

At any one time, about 12 ships are on charter. They usually travel in convoy—about four at a time on certain days in the week when they have Iranian air cover.

One and a half miles off the "mother ship"—the carrier which stores the crude for off-take by other tankers—the trip is complete, and NIOC personnel complete the operation. Captain and crew can collect their cash, and make their way up to Kharg Island again.

Contracts usually run for 12 months, and time off is not encouraged. One of the worst aspects of the run, particularly for the isolated European captains, is the sheer tedium and the loneliness.

In spite of the hazards, there are many charterers, captains and crew—who find it worth their while to enable Iran to export its oil. The price can be high if a vessel is hit. As one man commented: "Only the sharks are doing well out of this war—literally and figuratively."

Junejo appoints slimmed-down Cabinet

PAKISTANI Prime Minister Mohammed Khan Junejo yesterday appointed a slimmed-down Cabinet of 12 full ministers and four ministers of state, but sources close to Mr Junejo said the Cabinet would be expanded in two further stages, Mohammad Aftab reports from Islamabad.

There were no new faces in the Cabinet, which is likely to increase Opposition and business criticism that the Government is not tackling what it sees as ineffectiveness, inexperience and lack of talent to guide the nation's economy.

Moreover, there appears to be no political significance in the changes. Political observers are suggesting that the device of having the Cabinet resign en masse at the weekend was simply to enable Mr Junejo to shed several ministers who have been publicly linked to shady business deals. Reports yesterday suggested that Mr Junejo has quietly ordered high-level investigations into these deals.

Pakistan bids for nuclear weapons graphite

BY SIMON HENDERSON

PAKISTAN IS trying a different route to develop nuclear weapons apart from the operation of an unsafeguarded uranium enrichment plant which has been the cause of much international concern.

Over the past two years it has made several attempts to buy large quantities of graphite suitable for use in nuclear reactors producing plutonium, another potential nuclear explosive.

The attempts to order the high-quality graphite, a form of carbon which can be used in "moderating" or controlling some types of reactors, have convinced the West that the Government of President Zia-ul Haq has larger military nuclear ambitions than previously realised.

Pakistan denies any plan to build nuclear weapons; its embassy in London says it has no knowledge of attempts to purchase graphite.

Western diplomats say that Pakistan's Kahuta enrichment plant is now enriching uranium from the natural level of 0.7 per cent of the isotope uranium-235, to the 90 per cent level needed to make an atomic bomb. But they doubt whether the plant's output is enough to make more than 10 kg, or sufficient for one nuclear bomb.

Last year agents acting for Pakistan attempted to buy more than 100 tons of graphite through the Swiss office of Union Carbide, the US chemical giant. The company confirmed this order was rejected when it realised it would not receive an export licence.

Using the graphite, Pakistan could build a reactor, not generating any power but producing enough plutonium to make one nuclear bomb a year. Such a reactor would not be covered by international safeguards.

Apart from doubling the number of nuclear bombs that Pakistan could produce, the advance would mean that more sophisticated designs can be developed, using combinations of both nuclear explosives in a single device.

Besides the attempted Swiss purchase, Western diplomats are aware of other bids by Pakistan to buy the graphite, both in Europe and the US.

One senior US official dates Pakistan's attempt to build an unsafeguarded research reactor capable of producing plutonium to 1984, when a Pakistan news agency announced work on purifying locally-mined graphite for use in nuclear reactors.

Western officals say that Pakistan found that this was not pure enough; reactor-grade graphite obtainable from Union Carbide is made artificially from petroleum coke.

Western experts decline to say where they believe the reactor would be built—it would take about two years to construct. The 1984 news agency report linked graphite purification with the Kahuta nuclear facility run by Dr Abdul Qader Khan.

Captives freed in Mozambique

Mozambican right-wing rebels yesterday freed their last remaining foreign captives in a Christmas goodwill gesture, a rebel spokesman said, Reuter reports from Lisbon.

The Mozambican National Resistance (MNR) spokesman in Lisbon said the group of eight was released to the International Committee of the Red Cross early yesterday morning on the Malawi frontier. The group included a Briton, a West German and his wife and daughter and four Portuguese, three of them Jesuit missionaries.

Syrians raid hideouts

Syrian security forces raided suspected hideouts of Moslem Sunni fundamentalists in the north Lebanese port of Tripoli yesterday, security officials said, Reuter reports from Beirut. The Syrians were said to be searching for fundamentalists they blamed for fighting which killed an estimated 30 people in the city.

Unrest in Goa

About 900 para-military police reinforcements were deployed today in Goa as protests against a language policy spread, Reuter writes from Bombay.

AMERICAN NEWS

OECD FORECAST

Recovery of US economy 'likely to be extended'

BY GEORGE GRAHAM IN PARIS

WEAKNESSES are starting to show up in the US economy, but the main forces acting on it are likely to extend its recovery, the Organisation for Economic Co-operation and Development argues in its latest report on the US.

The decline of the dollar, the virtual halving of the oil price, the Federal Reserve Board's accommodating monetary stance and the boom in the stock and bond markets should more than outweigh the negative effects of more restrictive government policies, the OECD concludes.

The factors which have strengthened the economy over the past three years are weakening, however, and there are a number of risks which could threaten the short-term outlook, it says.

Domestic debt is reaching record levels, raising doubts about the ability of the consumer sector to maintain its spending. Household saving fell to 4.3 per cent of personal incomes in the second half of 1985 and the trend continued in 1986, the OECD says.

Household financial wealth has also risen sharply, but saving is likely to revert at some stage to a higher level, weakening consumption growth.

Corporate debt is also still high, although worries about companies' balance sheets have subsided. The OECD forecasts are based on a drop in after-tax profits and relatively sluggish capital spending next year, but there is the possibility that investment will be even weaker than projected.

Federal budget deficit reductions are expected to be beneficial for growth in the long-term, despite the short-term deflationary impact of lower public spending, because they should relieve pressure on interest rates. But if the cuts are not achieved this could harm bond market confidence and remove the room for monetary policy manoeuvre.

The lower dollar should feed through to higher US export volumes and the substitution of domestic goods for imports, but the experience so far has raised doubts about the accuracy of projections on how far and fast this should happen.

The projections, prepared under the OECD's usual assumption of unchanged exchange rates, are also vulnerable to the risk of a further brouhaha in the foreign exchange markets.

Sectoral weaknesses, especially oil and agriculture, are acting as a drag on US growth. The OECD warns that the position is still critical for farmers, although the sharp reduction in domestic price support incorporated in the recent Farm Act and the depreciation of the dollar go some ways towards improving export competitiveness.

The OECD forecasts that the decline so far in the value of the dollar should lead to a cumulative increase in manufactured export volumes of between $25bn and $30bn (£17.4bn to £20.9bn), or 0.6 per cent of gross national product, by the first half of 1988.

With the expected impact of devaluation on import volume growth, this should mean that the contribution of net exports to economic growth will amount to 0.3 per cent of GNP through 1987, compared with —0.9 per cent this year.

US ECONOMY

Percentage changes except where otherwise indicated

	1985	1986	1987	1988 H1
Private consumption	3.5	3.8	2.0	2.6
Government spending	6.8	2.2	1.9	1.8
Gross fixed investment	7.7	0.9	2.0	4.3
Total domestic demand	3.4	3.5	2.6	2.7
GNP	2.7	2.7	3.0	3.0
Consumer price deflator	3.5	2.2	3.1	3.4
Unemployment rate (%)	7.2	7.0	6.7	6.5
Current balance ($bn)	−117.7	−138.0	−136.5	−66.3

Source: OECD

Quebec rule on French public signs overturned

By Robert Gibbens in Montreal

THE QUEBEC Court of Appeal yesterday upheld the right to display publicly signs in English and other languages besides French.

It declared unconstitutional a clause in the Quebec French language charter restricting the language of public signs to French which is spoken by a majority of the inhabitants of the Canadian province. The court also said the clause contravened Quebec's own Charter of Rights.

Judgment had been awaited for months. It will fuel a debate on the language issue in Quebec. The language charter was sponsored by a separatist Parti quebecois Government under Mr Rene Levesque. He was turned out of office a year ago by the Quebec Liberals led by Mr Robert Bourassa.

After its electoral defeat last December the Parti quebecois remained relatively quiet for a long time but recently it has seized on the language issue as a means to attack the Bourassa Government.

Last week the Justice Department charged 27 Montreal businesses with displaying English-only or bilingual signs saying they must obey Bill 101 strictly until the appeal court decision was known.

Latin American foreign debt rises to $382bn

By Mary Helen Spooner in Santiago

LATIN AMERICAN economies grew by an average of 3.4 per cent in 1986 and the region's foreign debt grew by 2 per cent to $382bn (£267bn), according to the United Nations Economic Commission for Latin America.

Preliminary annual figures showed that Latin America's terms of trade have fallen by 8.7 per cent over the past year, with a 20 per cent deterioration over the past five years.

The purchasing power of Latin American exports decreased by 9.7 per cent in 1986.

Uproar over Uruguay amnesty

BY TIM COONE IN BUENOS AIRES

A CONTROVERSIAL amnesty has been granted to Uruguay's military leaders accused of human rights violations during the military dictatorship of 1973 to 1985.

The law approving the amnesty was passed in the early hours of Monday following acrimonious debates in both the Senate and the lower house Chamber of Deputies, which at one point led to scuffles and exchanges of blows in the debating chamber.

Under pressure from the armed forces, the ruling Colorado Party has been attempting to push through the amnesty bill since last August, when an earlier bill was rejected by the opposition Blanco and Frente Amplio parties.

Fears of a constitutional crisis over the issue were confirmed by Mr Enrique Tarigo, vice-president, who announced last Friday that the military had informed him they would refuse to present themselves before the civilian courts that were to begin the first hearings this week on the human rights cases.

The majority of the Blanco Party voted in favour of the amnesty in parliament amidst accusations of cowardice from representatives of the left-wing alliance, the Frente Amplio.

Street demonstrations were organised through the country against the amnesty bill. In one incident a legislative deputy suffered a heart attack after being attacked and insulted outside Congress. A recent opinion poll showed 70 per cent of the population to be against the amnesty.

According to a parliamentary report last year 164 people disappeared during the military dictatorship, following arrest or kidnapping by police, military or paramilitary forces.

Sixty-one military officials are accused of direct responsibility for the disappearances as well as of involvement in the torture of thousands of detainees and other human rights violations.

According to an aide of President Julio Sanguinetti, in the original agreement worked out in 1984 with the armed forces to create the present transitional government towards democratic rule, only the top military leaders responsible for the repression in the 1970s would be put on trial.

The aide said that the military intelligence services had subsequently uncovered cases of fraud at high levels of Government and were using this information to pressure the ruling Colorado Party for a total amnesty.

David Owen looks at the impoverished district of Cabrini Green

Developers eye Chicago slum

THE CLOSEST most "respectable" Chicagoans get to Cabrini Green is when they glance out of the window of the number 151 Lasalle Street bus while commuting into the Loop, the city's thriving business and financial centre.

From this distance (about three blocks), Cabrini is just another nondescript collection of squat red brick residential high rises. To the 12,000 or so people who live there, it is arguably the worst example of a public housing project gone wrong in a formidable Chicago catalogue of errors.

In an average summer, according to Mr Steve Bogira of the Chicago Reader, about one person is shot and injured every other day in Cabrini Green's 71 gang-infested acres. This year, the homicide rate is running at 12, compared with 11 in 1985 and 10 in 1984.

The project's most trouble-free period in recent memory lasted for nine months in 1981, when only one homicide was recorded. It followed former mayor Miss Jane Byrne's three-week tenancy of a fourth-storey apartment there. In the first three months of the year, however, there had been 11 killings in a murderous escalation of inter-gang hostilities.

Yet Cabrini Green, situated slap bang in the middle of Chicago's yuppie-fuelled property boom north of the Loop, is increasingly the apple of local developers' eyes. Less than two miles from the Sears Tower and the rest of the downtown skyscrapers, it is increasingly an isolated pocket of poverty and dereliction in a band of affluence.

According to the 1980 census, 77 per cent of Cabrini Green's residents live below the official poverty line. They scrape by on a median family income of $4,363 per annum ($192 less than the equivalent 1970 census figure), shared between an average 3.7 member household.

A glance out of the window on the other side of the Lasalle Street bus reveals a neighbourhood known as the Gold Coast, where median 1980 family income was $56,097, shared between an average 1.8 member household.

'In an average summer about one person is shot and injured every day in the 71 gang-infested acres'

As the surrounding area is gentrified and the boutiques and health food restaurants encroach, Cabrini Green looks more and more conspicuously out of place. And its value as prime real estate is soaring.

According to local press reports, the Chicago Housing Authority, created in 1937 to "remove slums and provide decent, safe and sanitary housing for the poor," was recently offered $150m for the site by an enterprising developer.

The financially-strapped CHA, squeezed like other housing authorities around the country by steady cuts in federal funding, must find such an offer sorely tempting. But the political and social consequences of a sale would be daunting.

The stiffest resistance would come from the Cabrini Green residents themselves, despite the squalor and violence in which many of them live. "There's a psychology in Cabrini Green that the whites are coming back to take over the city," says Mr Richard Powell, CHA Comptroller. (About 86 per cent of CHA residents are black.) "There would be hysteria," Mr Powell adds. "They would look at it as an emotional, not a logical, decision."

In addition, rents for CHA properties are pegged to 30 per cent of household income —an average of $82 per month in 1980 and several times below the market rate for accommodation elsewhere. With federally subsidised housing becoming ever scarcer under the present administration, the alternative for many would probably be a shelter for the homeless or a park bench.

Even assuming that new homes were found for Cabrini Green residents (the recent bid was reportedly sweetened with the offer of replacement housing for those displaced) and that their staunch resistance to any move were overcome, the project's reputation is hardly calculated to endear itself to those living in the designated "evacuation" areas.

The forthcoming April mayoral election is further dampening speculation of an imminent sale. With the race sure to be tight and his support four years ago near total in certain CHA projects, incumbent mayor Mr Harold Washington is unlikely to risk upsetting Cabrini Green residents before the election. Certainly, the sitting mayor would have to play an integral part in any decision to sell CHA property.

'According to the 1980 census, 77 per cent of Cabrini Green residents live below the official poverty line'

But, as land values in the surrounding area continue to rise and the condition of the CHA's completed finances deteriorates further, the word is spreading that Cabrini Green's days could be numbered in spite of the inertia which has kept it in its present sorry state for so long.

Mr Powell draws an analogy with a private company simultaneously hit by falling incomes and spiralling costs. When that happens, he says, sooner or later you have to consider selling assets.

Argentina set to end 'dirty war' prosecutions

By Our Buenos Aires Correspondent

A BILL to put an end to further trials of military and police officers charged with human rights abuses in Argentina was expected to be passed in the country's Senate yesterday.

The bill, popularly known as the Punto Final, is being presented by the ruling Radical Party under the insistence of President Raul Alfonsin, who wishes to see a rapid reconciliation of the armed forces with the Government and civilians.

Critics of the bill, which will still have to pass through the lower house Chamber of Deputies, allege that President Alfonsin has gone back on election pledges in 1983 to bring to justice all those responsible for human rights violations during the military dictatorship of 1976 to 1983.

So far a dozen top military leaders and police officials have been sentenced to long prison terms under the civilian government, for their responsibility in the conduct of the "dirty war" in the 1970s which claimed the lives of at least 9,000 people who "disappeared" after being kidnapped by paramilitary squads.

Human rights organisations have insisted that the trials should continue down the chain of command.

Rumours have been circulating that top military leaders have threatened to resign en masse if the Punto Final bill is not approved.

Opposition political leaders from Paraguay told the Financial Times that Paraguayan military leaders had been involved in supporting a proposed coup by dissident Argentinian military officers against President Alfonsin until July this year when it became apparent that the radical party was to insist on an end to the trials.

President Alfonsin has not satisfied critics who claim he is acting under military pressure, by attempting to rush the bill through.

Journalist beaten

Alfredo Tarre Murzi, a journalist, who is one of the fiercest critics of the Venezuelan Government, claimed yesterday that two men who beat him up last Friday were guards at Venezuela's presidential office complex in Caracas.

WORLD TRADE NEWS

Turkey cuts duty on some imports

By David Barchard in Ankara

THE TURKISH government has reduced customs duty on 163 imports but imposed special surcharges on 108 new items.

The lower duty will be applied to beer, textiles, chemicals, petrochemicals, foodstuffs, pharmaceuticals, and computer equipment. However, the practical effect for Turkish consumers may be slight because all these imports are subject to surcharges for the Mass Housing Fund set up by Mr Tugilt Ozal, the Prime Minister, in 1983, and other extra-budgetary funds.

The reduction in customs duties appears to be an attempt to answer criticisms that Turkey is not honouring its commitments under the Treaty of Ankara to reduce its tariff barriers for EEC imports.

This reduction is unlikely to satisfy the European Commission as there is still no indication of EEC goods being given preferential treatment — and because the Community does not share the Turkish Government's view that the surcharge on imports does not count as a customs duty. The Community is believed to have been quietly pressing Turkey on this point for many months.

Turkey's widening trade deficit, $2.872bn (£2bn) in the first nine months of the year or 33 per cent up on the same period of 1985, leaves Mr Ozal little option but to apply the brakes, according to Turkish officials.

The new items to be surcharged include some, such as iron and steel products, on which customs duties have been lowered. The surcharge on imported meat has been raised from $150 to $400 per ton and there are similar sharp increases for most agricultural and foodstuffs imports, indicating the Government's feeling since the by-elections in September that it has to pay more attention to the wishes of rural voters.

China textile exports

China's textile exports this year will reach a record $5.3bn, up from $4.25bn last year, making textiles the top foreign exchange earner for the first time, Reuter reports from Peking quoting the People's Daily.

EEC to protest US tool curbs

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

THE EEC is planning a strong protest against the Reagan Administration's decision last week to try and impose curbs on machine tool imports and to threaten retaliatory action against the US.

The US imposed restraints on imports from West Germany and Switzerland and ordered other machine tool exporting nations, including the UK, Spain and Italy, not to take advantage of import curbs from other countries to increase their market share. It had earlier imposed curbs on machine tools from Japan and Taiwan.

But yesterday the EEC, to underline that it is a trade matter and not, as the US has been suggesting, a national security issue, was preparing to tell the US that its actions were an infringement of Gatt (the General Agreement on Tariffs and Trade).

The EEC also maintains that the US move breaches an undertaking made at the Punte del Este meeting – which approved a new Gatt trade round – not to impose new trade restrictions and will tend to inhibit exporters from selling in the US market even without the formal implementation of quota arrangements.

Imposing the five-year curb on machine tool imports, Washington said that it would give domestic machine tool makers a chance to earn an additional $880m during that period

In a step which underscores the growing tendency for even the free market-oriented Reagan Administration to adopt interventionist measures in the face of the American trade crisis, it was announced that the Defence Department would spend as much as $15m during the next three years to support the machine tool industry's National Centre for Manufacturing Sciences research facility.

Concern over Porsche's reliance on US

BY JOHN GRIFFITHS

PORSCHE, the West German luxury sports car maker, has left itself "uncomfortaly exposed" to fluctuations of the dollar against the D-Mark because of its heavy dependence on the US market, according to an analysis by stockbrokers Phillips and Drew.

The report on West Germany's luxury car manufacturers points out that 54 per cent of Porsche's sales were in the US. As a result, the sharp decline of the dollar will leave the company's earnings, to be declared in February, "below market expectations."

Porsche's ability to boost earnings substantially will also come up soon against production constraints, the report warns. However, it also questions whether Porsche even wants to take this route.

"Porsche is dominated by the desire of the controlling families, in particular the founding member Dr Porsche, to preserve the exclusive image of the marque. This takes precedence over growth or earnings increase considerations."

However, Daimler-Benz, "one of the strongest automotive groups in the world," had recognised the acquisition of high-technology companies to keep abreast of them.

But its bold diversification strategy had not lost sight of the fact that its core business remained its production of its highly-profitable Mercedes luxury cars.

As a consequence, forecasts Phillips & Drew, the company would continue to increase earnings, despite the decline of the dollar, through higher sales, price increases (they have already gone up by 20 per cent since October 1985 to an average of $43,000), and a "richer" model mix through much increased production of the mid-range 200-300 series, and a smaller increase in the largest S-class cars.

This would be facilitated by the addition of its planned third car plant from 1990, which would increase nominal capacity by 11 per cent to well over 700,000 units a year.

"There should be no problem finding a market for this additional production, given that even in its best export market, the US, its share of sales is under 1 per cent, while even in Europe, including West Germany its share is still only around 3.75 per cent.

The report acknowledges some investor uncertainty about BMW's competitive position and the weaker dollar. But it forecasts a "substantial increase" in earnings from 1988, when both the new 7-Series cars launched in October and the new 5-Series destined for launch late next year reach full capacity.

When coupled with the 8 per cent capacity increase, to 490,000 units, provided by the new Regensburg plant, "the production gains will occur exclusively in the higher margin models, and the net benefit will be substantial."

Tokyo stops insurance for exports to Cuba

THE MINISTRY of International Trade and Industry (Miti) in Japan has discontinued the practice of granting export insurance for Japanese companies which export to Cuba, spokesmen confirmed yesterday, AP-DJ reports from Tokyo.

The ministry, which routinely insures exports by Japanese firms on a case-by-case basis, stopped taking new applications effective December 22. Affected Japanese firms are said to have paid Miti a total of Y200m ($1.2m) per month for the coverage. The move suspends the application process. Existing insurance policies for Japanese companies will not be renewed when they run out.

The action follows foreign exchange shortages and economic difficulties surrounding falling prices for sugar and other major export products for the Caribbean nation.

The suspension of government-sponsored insurance mostly involves exports of Japanese cars and machinery orders to Cuba. In 1985, exports from Japan totalled $300m. During the first 10 months of 1986, the figure was $227m, up 14.9 per cent from the year-earlier period.

By comparison, Japanese newspaper reports indicated that Cuba had been keeping up to date on its payments for exports until last spring.

Miti has stopped insurance coverage for as many as 20 foreign countries in recent years.

Israel agrees to buy crude oil from Egypt

BY JUDITH MALTZ IN JERUSALEM

ISRAEL will purchase 2m tonnes of crude oil from Egypt in 1987, according to the terms of an agreement signed by representatives of the two governments last week in Cairo. It was also agreed that no prices would be set in advance for the shipments, but that they would be allowed to fluctuate in response to world oil price movements.

Last year, Israel paid an average of $12 a barrel for Egyptian crude.

Since the two countries made peace in 1979 Egypt has traditionally supplied Israel with three types of light and medium crude: Belayin, Ras Garib and the Suez blend. It has also accounted for about 2m tonnes, or 30 per cent, of Israel's crude oil needs each year.

Israel purchases similar quantities on the spot market and from Mexico. But Energy Ministry officials point out that Egypt has a comparative advantage as a supplier, since transport costs from Egypt are only 30 cents per tonne as compared with $11 per tonne from Mexico.

They also refer to Israel oil purchases from Egypt as one of the "bright spots" in Israel's relations with its Arab neighbours. "We have found Egypt to be a very reliable supplier," they note.

Peugeot Citroën tops league as world's largest diesel maker

BY NICK GARNETT IN LONDON

THE PSA (Peugeot Citroen) group in France took over from Fiat last year as the world's largest producer of diesel engines by volume.

Its output of 560,000 engines in 1985 lifted it from its third place slot in 1984 pulling it above Fiat which, despite increasing its volume, fell to third place, according to the latest world engine study by Planning Research and Systems (PRS), the London based engine consultants.

Volkswagen which moved from fourth to second in the world league table showed the largest rise in output. Its 1985 production of 557,000 engines rose from 406,000 the previous year. This partly reflects a distortion in the figures for 1984 because of the West Germent metalworkers strike but VW is also selling engines to Volvo.

The position of these companies reflects the continuing growth in demand in diesels for passenger cars.

Outside the sphere of passenger car engines, the highest ranked company in terms of volume last year was Perkins, the engine-making subsidiary of the Varity Corporation (Massey-Ferguson).

There was no change in the output ranking of the leading seven producers of petrol engines, according to the study, but Volkswagen entered the top 15 for the first time, coming in at eleventh in the table.

Total output of diesel, petrol and Brazilian-made engines operating on alcohol rose just over 4 per cent last year from 81.3m in 1984 to 84.7m.

Total world production of diesels in all horsepower bands was 11.4m, a rise of amost 7 per cent over 1984. This figure represents a slowing of the growth of world diesel engine output which grew by more than 13 per cent in 1984.

The largest growth in output of diesels was in Western Europe, in particular West Germany and France, reflecting the strength of their diesel-powered passenger car sector. France is the world's fastest growing market for this application.

Output in North America remained static. Production of diesels in Japan, the world's largest producer accounting for 24 per cent of world output grew by less than 4 per cent.

A number of main markets by application showed signs of some recovery through 1985.

ENGINE PRODUCTION BY MAJOR MANUFACTURERS IN 1985

PETROL

Manufacturer	Country of Origin	Position 1984	1985 Total Units (m)
GM	USA	(1)	7.8
Honda	Japan	(2)	6.8
Briggs & Stratton	USA	(3)	6.4
Ford	USA	(4)	4.0
Toyota	Japan	(5)	3.4
Suzuki	Japan	(6)	2.7
Nissan	Japan	(7)	2.3
Yahama	Japan	(3)	2.2
Renault	France	(8)	1.9
Tecumseh	USA	(10)	1.8
VW/Audi	W Germ	(Not in top 15)	1.7
PSA Group	France	(11)	1.2
Chrysler	USA	(12)	1.2
Fiat	Italy	(14)	1.2
Toyo Kogyo	Japan	(13)	1.1

DIESEL

Manufacturer	Country of Origin	Position 1984	Total Units 1985 (000's)
PSA Group	France	(3)	561.2
Volkswag.	W Germ	(4)	557.5
Fiat Group	Italy	(1)	515.0
Perkins	UK	(6)	408.7
Mitsubishi	Japan	N/A	406.0
Daimler-B.	W Germ	(2)	402.2
GM	USA	(10)	397.2
Toyota	Japan	(7)	391.6
Yanmar	Japan	(5)	390.1
Isuzu	Japan	(8)	349.4
Kubota	Japan	(9)	340.5
Nissan	Japan	(11)	321.2
Ford	USA	(Not in top 15)	273.4
Renault	France	(13)	213.7
KHD	W Germ	(15)	140.2

Source: Planning Research and Systems (PRS)

Egypt asks for N-plant bids to be extended

By Tony Walker in Cairo

EGYPT HAS again asked tenderers for a nuclear power station, valued at more than $1bn, to extend the validity of their bids.

Its nuclear power plants authority has asked Kraftwerk Union of West Germany and Westinghouse of the US for a six months extension beyond the end of this year.

KWU had emerged as the winner in a protracted bidding phase against Westinghouse and Framatome of France at the head of an Italo-French consortium. A letter of intent had been expected to be issued to the West German company before the end of the year, opening the way for detailed negotiations.

Egypt's serious financial difficulties have almost certainly caused the latest delay. It seems unlikely that it will be able to embark on such an ambitious project for the foreseeable future.

A spokesman for KWU said the company would study Egypt's latest request and a decision would be taken in consultation with the Bonn Government which has offered a DM 2bn (£714m) Hermes-backed credit in support of the bid.

The Egyptian Government is proposing to build its first nuclear reactor at El Daban on the Mediterranean coast, 160 km west of Alexandria.

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Last year our apples tempted Americans to part with 58 million dollars.
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RHM's 35,000 people in 12 countries wish you a very Happy Christmas and prosperous New Year.

Fleur de Lys Automobiles

How a baker turned to vintage deliveries

Christopher Lorenz reports on a novel engineering venture

Kyri Kyriacou: vertical integration backed by the family empire's financial resources — Roger Taylor

WHEN Hong Kong celebrates the Chinese New Year in a month's time, its residents will be able to enjoy an unusual new attraction: riding aboard two red 1920s-style luxury motorcoaches.

The 10-seater "courtesy coaches," which leave Southampton docks today, are the latest export from a small British family company with the exotic name of Fleur de Lys Automobile Manufacturing.

Based in a former car showroom in the centre of Newark, Nottinghamshire — the next market town north from Mrs Thatcher's birthplace, Grantham — Fleur de Lys has been trading for little over two years. Yet its annual turnover has already topped £1.25m, more than 40 per cent for export, and it is on course for well over £2.5m in two years' time, when exports could be taking as much as 70 per cent.

The prime business of Fleur de Lys is the manufacture of what Len Terry, one of its directors, calls "mobile advertising hoardings": £16,000 reproduction vintage delivery vans, emblazoned with their owners' livery and signwriting for all the world (especially potential customers) to see. The Hong Kong coaches, bound for the Macau Tourist Board, are simple conversions of the company's standard product, a 15 cwt van called the "Newark."

Since it first went on sale in September 1984 the "Newark" has been bought, singly or in pairs, by a long list of High Street names in Britain, ranging from Safeway and Asda supermarkets to Bass beer and Wall's ice cream, as well as a host of specialist wine merchants, florists and chocolate makers — and even a City of London auditor.

Outside the UK, "Newarks" have already been sold in 11 countries, in addition to Hong Kong. As well as the more obvious European markets (France, West Germany, Italy), they can now be found on the roads of Portugal, Greece, Canada and the US. In all, 125 vans have been sold in the UK and abroad, and, with a labour force of 60, production is now running at about seven vehicles a month, with a three-month order book.

If the business continues to thrive — and the nostalgia advertising market shows every sign of growing around the world — the company's main problem will be containing its expansion within manageable limits.

Fleur de Lys took its name, its international character, and its strong financial backing, from the company which gave it birth, Fleur de Lys Patisseries. Founded in North London by a Greek Cypriot, Andreas Liveras, the patisseries manufacturing business moved 130 miles north to Newark a decade ago in order to find the space to expand. It then started to grow with a vengeance.

Automated

From an annual turnover of some £200,000 at the time, it has expanded 40-fold to the current year's £8m by specialising in own-label frozen fresh cream gateaux (Black Forest et al) for Sainsbury and most of Britain's other leading supermarkets and food retailers. In the process the company has built up its labour force to over 400, and Liveras has become a millionaire.

He has also moved into the fully automated manufacture of frozen puff pastry and, at the age of just 51, out of Britain into semi-retirement in Greece, where he now runs a lucrative yacht chartering business in Piraeus.

It was less than four years ago that Liveras and his prime lieutenants, son Dino and son-in-law Kyri Kyriacou, first conceived the idea of branching out into the apparently unlikely direction of specialist motor manufacturer. They had approached a small maker of imitation vintage vans in the south of England to buy a promotional vehicle for the patisseries business, only to discover there was a waiting list of over two years.

Liveras' characteristic reaction was to convert his offer for a van into a bid for the whole company. When he found the asking price too high he did the next best thing and decided to set up in competition—and lure away the company's all-important designer, Len Terry, who had a 20-year track record as the designer of a long line of successful Formula 1 and 2 racing cars, including Lotus, BRM and BMW.

On the basis of Terry's expertise, the family decided to take a more ambitious approach to the business than those companies already in it. Instead of buying ready-made modern vans (either Ford Transits or Leyland Sherpas) and putting new glass fibre shells on them, they went for fully-integrated manufacture.

Engines, transmissions, suspensions, electrics and so forth are all bought from Ford—the van carries a Ford warranty and is serviced by Ford dealers worldwide—but the chassis is made by Fleur de Lys, the wheels are specially supplied, and all assembly work is done in Newark.

Another departure was the decision to use heavy sheet steel bodywork instead of glass fibre: Kyri Kyriacou, who was made managing director at the tender age of 25, justifies this on several grounds, including solidity and ease of repair.

The company's bottom-up design of its own van has also eased it through the complicated and expensive process of getting government type approval for sale of the van throughout the European Community, an exercise which cost not far short of £100,000 and occupied the first 15 months of Fleur de Lys' existence, between June 1983 and September 1984. The even more costly American approval procedures—on a van which uses many Ford of America components — have taken much of the past year, and are now virtually complete.

To the obvious criticism that this high degree of vertical integration is risky for such a young and small company, Kyriacou points to the strength of the family empire's financial resources. Nearly £1m has been invested in the business so far, with no real return expected until 1988-89 (its financial year runs to February), and the only form of outside financing is a £500,000 bank overdraft facility; Kyriacou stresses that this has not been fully used.

The soft-spoken but fast-talking young tycoon also underlines the family's long-term ambitions for the company. When his father-in-law first decided to turn his patisseries business into a mass manufacturer, producing ahead of demand, he faced similar criticism from cautious small competitors. But, with the help of his son (who now runs Patisseries) and Kyriacou, both of whom learned their management skills entirely on the job, Liveras went for the big time.

"We're used to manufacturing on a large scale, and financing it," says Kyriacou. He also points out that staff motivation and teamwork benefits from "having a factory full of guys working, rather than being forced to react to peaks and troughs."

His ambitions for the business are grand indeed. Against sales of about 75 vans in the current year, he is going for at least 100 in 1987-88. "If we succeed in the US, it'll be double that," he predicts — though this would nearly triple the company's turnover in barely 12 months.

Even with 100 vans on Britain's roads, roughly as many as its two main coachbuilder-competitors, Kyriacou considers that "we really haven't tapped the UK market yet." And with European countries such as France and Germany already showing signs of catching onto the attractions of promotion through nostalgia (plus a tinge of English snob appeal), he is emphatic that his optimism is justified.

Though only 25 vans are operating abroad so far, Kyriacou is already starting to be faced with the classic small company dilemma of whether to continue relying on agents or to invest in the overheads of going direct. In Germany, where six vans have been sold, Kyriacou's agent will join his staff as a full-time employee early in the New Year. Apart from Greece, all other overseas sales are currently being made through agents, though a third exception could soon be made in the most attractive market of all, the United States.

Debugged

Apart from eight vans sold direct from Newark, Kyriacou has consciously held back from the US market until he could demonstrate beyond all doubt that the product is totally debugged and thoroughly proven. He is currently negotiating with an agent in Palm Beach, Florida, of whom he has high hopes. If the talks fall through, he will probably go direct, choosing to focus on California instead of Florida.

He is well aware of the costs of running his own US showroom and sales staff. "But if there's a market, you've got to tap it," he declares. "If you don't, you're likely to lose it altogether to someone else."

In what one suspects is true Liveras family style, Kyriacou refuses even to consider making a five-year plan for the business. The bank, of course, demands a three-year budget, but "anything more would clearly not be worth the paper it was written on." Though the company has a thoroughly professional computerised accounting system, and keeps very tight control of its purchasing and workflow, it gives the impression of very much thinking and acting on its collective feet.

Thus, although Kyriacou stresses the obvious production cost advantages of sticking with one basic product—plus a small range of variants—he seems prepared to accept special custom-made jobs if the contracts are large enough.

More dramatically, he is considering making a major new departure into a high-volume, modern specialist vehicle which would transform Fleur de Lys into a medium-sized company almost overnight, taking it into competition with much larger motor manufacturers. If the still-secret project gets to the stage of full production, it will require outside finance.

Even in the absence of this big but risky leap forward, Kyriacou is clear that he will soon need to enlarge his six-person management team in order to ease the heavy burden which currently rests on his shoulders. But he is unlikely to change his long working day, which starts at 6.30, just as it did when he was down on the bakery floor, or out on the road "learning to be a manager as I went along."

In brief...

AN EXPANDED training programme forms the basis for the London Enterprise Agency's (LEntA) ambitious objective of tripling the number of people attending its training courses next year to 3,000.

Potential entrepreneurs and owner managers are the target for the series which, says Peter Thackway, LEntA's training manager, cater for a perceived demand.

Among the series are: The Business Programme, which is an advanced course to develop a business plan and practical business skills over a series of four weekend workshops; the Private Enterprise Programme, a practical and flexible training to supplement owner-managers' skills; Business Awareness Workshops, one day courses for entrepreneurs starting on the Enterprise Allowance Scheme; Introducing One Day Training Courses, which ask the question "Is self-employment right for you;" and Design Enterprise Programme, a 14-week course for design graduates offering a grounding in business management, together with access to a package of grants and loans.

Further information from Geraldine Davies on 01-236 3000.

●

A USEFUL BOOKLET, now in its fourth edition, has just emerged from accountants Binder Hamlyn, which outlines 250 assistance and incentive schemes offered to British business by the UK Government and the European Community. It is six months since the third booklet was published and in that time, says Binder Hamlyn, nine schemes have been withdrawn and a further 32 schemes have been added or substantially amended.

Among the additions or amendments of particular relevance to the smaller business is "Business and technical advisory service: support for marketing." This provides financial assistance for independent firms with up to 500 employees towards the cost of employing a specialist marketing consultant to help in developing marketing strategies and an overall marketing plan.

Among British Coal special funds is "British Coal Enterprise Ltd: loan finance." This provides funding towards creating new or alternative job opportunities in traditional coal mining areas and is designed to assist business start-ups; allow existing local companies to expand in situ; assist companies wanting to locate in mining areas; and assist companies to locate in the UK rather than overseas.

The booklet is available from Binder Hamlyn at 8 St Bride Street, London EC4A 4DA, tel 01-583 0031, price £5.

●

SIMPLE CASH Books for the Small Business is the title of a book from Kogan Page aimed at providing simple advice to those people setting up in business, in particular, who have no background knowledge or previous training in book-keeping or cash control. The book seeks to show how to prepare and analyse a company's cash transactions using either a pre-printed or columnar cash book, which will satisfy the Inland Revenue. Available from Kogan Page, 120 Pentonville Road, London N1 9JN, price £3.95.

●

A SALUTARY reminder to the small businessman of the need to give due consideration to health and safety issues is contained in the latest issue of National Westminster Bank's Small Business Digest. It points out that while larger companies may be able to ride out the aftermath of an accident or an occupational illness among their workforces the cost to a small business of one serious accident can be very damaging not only to the person affected but to the business's chance of survival.

"The only way for a small business to ensure that accidents and ill health are avoided is to identify the hazards it faces and the precautions needed to deal with these, and then to make sure the precautions are followed systematically. Advice on how to comply with health and safety law and regulations is available from local Health and Safety Executive area offices, which are listed in telephone books.

●

THE LONDON Enterprise Agency has introduced a series of seminars aimed at offering established and budding entrepreneurs practical and flexible training in a variety of disciplines. These include selling, sales promotion, book-keeping, marketing, basic accounting and ways in which to find new products.

The seminars begin on January 7 and continue to March 11. The venue is the Royal College of Art, Kensington Gore, London, SW7. Further details from the London Enterprise Agency, 4 Snow Hill, London EC1A 2DL.

Company Notices

Leading Liberal MP killed in crash

By Tom Lynch

MR DAVID PENHALIGON, the Liberal MP for Truro in Cornwall, south-west England, was killed in a road accident in his constituency yesterday. He was 42.

Mr Penhaligon had been on his way to St Austell for an early morning visit to Post Office workers when his car was in collision with a van on black ice. A doctor certified him dead at the scene of the accident.

The van was also in collision with a bus before bursting into flames. Its driver was seriously injured, but nobody on the bus was hurt.

Mr Penhaligon's death shocked his fellow Liberals and politicians from other parties. He had a reputation for plain speaking leavened with wit and delivered in a rolling Cornish accent.

Mr David Steel, the Liberal leader, said Mr Penhaligon's death was "a shattering blow" to his family, his constituency and his party. He praised his personal warmth, his communications skills, his dedication to the party and his role in its revival.

Mr Penhaligon won Truro at the second attempt in October 1974, taking it out of Conservative hands

David Penhaligon: direct and witty

for the first time in nearly 25 years. His majority then was only 464, but his dogged defence of constituency interests helped to push that up to over 10,000 at the last general election.

He had been parliamentary spokesman for his party on most of the major domestic policy areas since 1977 and was latterly its spokesman on economic affairs. He was president of the party last year.

Mr Penhaligon was a strong supporter of the alliance with the Social Democratic Party in its early days and pressed for closer links between the parties with the eventual aim of merger.

The loss of such a vigorous and effective campaigner will be felt keenly by the Liberal Party as it prepares for the next general election, and Mr Penhaligon's death will be a particularly severe blow to Mr Steel.

After supporting Mr John Pardoe in the 1976 leadership election, Mr Penhaligon became one of the senior figures strongly supporting Mr Steel behind the scenes. Mr Steel paid tribute yesterday to the value he placed on his colleague's "trenchant" advice.

Mrs Margaret Thatcher, the Prime Minister, was reported to be deeply shocked at the news and was writing a letter of sympathy to Mr Penhaligon's wife and two children. Mr Neil Kinnock, the Labour leader, paid tribute to "a really decent, sweet man with a wonderful sense of humour and of independence."

Dr David Owen, the SDP leader, described Mr Penhaligon as "colourful, charismatic and courageous" and said his death would leave "a terrible, terrible gap in our political life."

Mr Penhaligon was one of Mr Steel's firmest supporters among the party's senior figures. In arguing his economic portfolio, he was seen as a solid force for common sense behind the scenes, but in public he often seemed uncomfortable with the intricacies and detail of the economic debate.

He was much sought after by broadcasters for the direct and witty style which made him such a successful speaker, but the Cornish banter so loved by his audiences sometimes dulled the impact of his serious arguments.

LHW Futures rejected by regulatory body

BY HAIG SIMONIAN

LHW Futures, the controversial futures broker which employs high-pressure selling techniques to sell futures contracts to private investors, has been turned down as a member of the Association of Futures Brokers and Dealers, the newly created self-regulatory body for the British futures industry.

The decision, which is being appealed against by LHW, could effectively put it out of business unless it can persuade the Securities and Investments Board to give it direct authorisation.

LHW, which claims to have the largest list of private clients among Europe's futures brokers, is the first firm to be rejected by the AFBD, which was set up in August.

The decision will not affect LHW immediately. However, it could prove devastating when the new Financial Services Act comes into operation. The act will make membership of a self-regulatory organisation a prerequisite for selling investments to the British public.

Moreover, membership of the AFBD will also then be essential for LHW to continue to trade on British futures exchanges. In February, LHW lost its appeal to join the London International Financial Futures Exchange.

Mr Alistair Annand, the AFBD's chief executive, gave no reason for the decision to bar LHW, which was reached by the AFBD's membership committee and endorsed by its council. Futures exchanges of which LHW is a member were informed of the decision at the weekend. Mr Annand also declined to comment on suggestions that LHW had tried to stop the AFBD making its decision public.

LHW has received considerable adverse publicity as a result of its selling methods and the high commissions it charges. Although the firm says it stopped telephone "cold calling" at least two years ago, it makes considerable use of commercially available mailing lists of potential clients. It also advertises extensively.

However, the firm makes very clear the volatile nature of futures investments in its literature, according to Mr Brian Edgeley, its managing director.

LHW, which is privately owned and employs about 150 people, has been extremely successful since being set up some five years ago. The firm has more than 6,500 clients and earned about £30m in gross commissions in 1985.

Mr Edgeley was reluctant to consider LHW's options should its appeal fail, saying "we would prefer to look to the appeal as its stands." LHW claims the information on which the AFBD reached its decision was incorrect.

GEC gives notice of possible 1,750 Nimrod redundancies

BY DAVID BUCHAN

GEC has served legal notice to the Government and to its trade unions that it may have to make as many as 1,750 employees redundant in its avionics and computers divisions following the cancellation of its Nimrod airborne early warning (AEW) project.

But the company said yesterday it would do its best to place workers, particularly skilled technicians, elsewhere in the group. GEC said it hoped the final Nimrod redundancy total would be considerably fewer than 1,750.

The GEC Avionics factories affected are at Boreham Wood, Radlett and Hemel Hempstead, all in southern England, while the two GEC Computers factories affected are at Boreham Wood and at Dunstable, also in the south.

The engineering unions have bitterly criticised the government decision last week to buy the US Boeing Awacs AEW system in preference to the British-made GEC Nimrod radar, mainly on employment grounds.

But the Government has argued that offset arrangements which require Boeing to place more than £1bn worth of contracts with British companies over the next eight years may create as many, or more, jobs than will be lost at GEC. Plessey, which expects to be a major beneficiary from Awacs offset work, has already launched a recruitment drive among the GEC workforce.

Meanwhile, Lockheed-Georgia said yesterday it was going "back to square one" in its search for an AEW radar to put in its C-130 Hercules aircraft. The company had hoped to install the GEC radar in the Hercules and to market the combined system worldwide, but only if the UK Government showed enough confidence in the GEC radar to buy it.

Lockheed-Georgia is believed to have spent some $6m since 1982 on technical feasibility studies and market identification for the Hercules AEW. It said yesterday it was now reviewing alternative AEW radars available in the US. But the main maker of such radars, Westinghouse, is already committed to Boeing for the Awacs system which Britain is buying to Grumman for the Hawkeye and possible to Lockheed-California for an AEW variant of its P-3 Orion aircraft.

Goldman Sachs will move to Fleet Street

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

GOLDMAN SACHS, the US investment bank, has ended its search for a permanent London home and is to buy the Daily Telegraph site and adjacent properties on Fleet Street.

Mr Brian Maier, who handles the Goldman Sachs property interests, said yesterday that the price remained confidential. But the seller, Rothesay Developments, has planning permission for a tower building on the site which would have been worth about £100m. Mr Maier said Goldman Sachs would not be spending that amount.

Rothesay Developments is a private company controlled by Mr Greville Mitchell. It had leased to the Daily Telegraph 77,000 square feet of space. The Telegraph is moving to London's Docklands next year.

Conclusion of the deal with Rothesay will permit Goldman Sachs, subject to a new planning permission, to build for its own occupation a medium-sized building with dealing floors of up to 30,000 square feet and possibly a total of 300,000 square feet of space. But detailed plans have not been drawn up.

From 1989, Goldman Sachs intends to make the new building the headquarters of its international operations, bringing together personnel from three different buildings in the western part of the City of London.

Previously it had made unsuccessful bids for the site of the City of London School, by the River Thames, and for the old Royal Mint site, near Tower of London.

The disclosure of Goldman Sach's plans follows quickly on the heels that News International, controlled by Mr Rupert Murdoch, had won planning permission for the redevelopment of the News of the World printing works into a building for the financial services sector.

Safeway Foodstores profits rise by 40%

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

PRE-TAX profits at Safeway Foodstores, the UK arm of the private US supermarket group, rose more than 40 per cent last year to £43.76m from £31.2m.

Sales were up 23.2 per cent at just over $1bn for the 53 weeks ending in October.

The company, which is expected to be sold shortly to help relieve its parent's debt problems, said its 4.2 per cent net margin on sales for the year was the best since it started trading in Britain 24 years ago.

The sales increases were helped by the opening of 12 new stores during the year, which brought the company's total to 131 and helped keep it on target to have 150 supermarkets operating in 1988.

The first new store of the current financial year was opened in Kent earlier this month, and the next is scheduled for February 1987.

Announcing the results, Mr Terry Spratt, chairman and managing director, said he had deliberately not dwelt on the possible effects of the parent company's recent management buy-out – which led to the announcement that it was "willing to consider" the sale of its UK interests.

The UK business had not been affected. "The figures are all the more remarkable in view of the unwarranted press speculation and inaccurate reporting which also could have undermined the great support of our suppliers and the confidence of ... customers," Mr Spratt added.

Companies believed to be interested in buying Safeway include the Argyll group.

High tech to fore in Scotland

THE importance of the electronics industry to the Scottish economy was emphasised yesterday by the release of figures showing that data processing equipment and office machinery was Scotland's leading category of exports in 1985. It outperformed the food, drink and tobacco category, dominated by whisky, for the second year running, James Buxton writes.

The survey, carried out by the Scottish Council Development and Industry, shows that Scotland exported £1,426.9m worth of data processing equipment and office machinery in 1985 against a figure of £1,297.5m in 1984. Food, drink and tobacco amounted to £1,227.2m against £1,113.8m in 1984. According to the Scotch Whisky Association, whisky exports were worth £1bn in 1985.

Mechanical engineering exports – at £531.2m in 1985 – were beaten for the first time by those of electrical and electronic engineering products, at £540.4m. In 1984 mechanical engineering exports were £473.2m and electrical and electronic engineering exports were £409.7m.

The total value of Scotland's manufactured exports in 1985 was £5,728.2m, a rise in real terms of 4.2 per cent compared with 1984. The figures are estimates based on responses to a survey of 1,600 Scottish exporters.

□ ISLE OF MAN is to prepare legislation which will have the effect of making insider dealing in the island a criminal offence. This is a response, according to a statement from the island's Financial Supervision Committee, to reports in the press and the broadcast media alleging that Manx companies are being used by insider traders in the UK and elsewhere.

□ BRITAIN'S independent television companies are heading for record revenues this year. Total ITV revenue, net of advertising agency commission, is expected to hit £1.185bn for the calender year. The increase is likely to be just over 20 per cent compared with last year.

□ SIR ISAAC WOLFSON, the man responsible for making Great Universal Stores (GUS) one of Britain's biggest companies, is stepping down as co-chairman of the company. Sir Isaac, 89, will become honorary life president of GUS, and Lord Wolfson, Sir Isaac's son, will become the new chairman.

□ CONTRACTS for the new £10m train ferry berth to be built for the Port of Dover have been awarded to Cleveland Bridge and Engineering, valued at £4.6m, and W.A. Dawson for civil engineering, at £2.8m.

□ OCCIDENTAL PETROLEUM announced that reserves from its Claymore and Piper fields in the North Sea were nearly 80m barrels more than earlier estimates.

□ GOVERNMENT introduced measures that will allow personal equity plans to be sold via the media, as part of its policy of encouraging wider share ownership.

Michael Donne reports on Belfast's link with de Havilland

Shorts looks to Canada for airliner

SHORT BROTHERS, the Belfast-based aerospace manufacturer, is now discussing with de Havilland Aircraft of Canada the possibility of jointly developing a new light commuter-type transport aircraft for service in the early 1990s.

This follows an agreement to collaborate that the two companies signed at last September's Farnborough air show. The move is regarded as an indication of Shorts' own long-term determination to stay in the fixed-wing airliner manufacturing business in which it has been considerably successful with its existing Skyvan and Types 330 and 360 twin-engined airliners.

The company lost £35m in the year to March 31, reversing its earlier trend towards a better financial performance. Sir Philip Foreman, chairman and chief executive, described 1985-86 as dreadful.

That was largely attributed to losses on the fixed-wing side of the company's activities, since the company remained profitable in military aircraft (the Tucano basic trainer for the RAF), "aerostructures" (parts for Boeing and Fokker airliners and engine pods for Rolls-Royce RB-211s and other aero-engines), and missile development and manufacture.

Shorts has just been awarded a £225m contract from the Ministry of Defence for development and production of its new Starstreak supersonic air-defence missile for troops on the battlefield, the biggest single contract ever won by the company.

To help it through its financial problems, the company was recently granted a new external funding limit of £36m by the Government for 1986-87, compared with an EFL of £16m for 1985-86.

The difficulties on the aircraft side in 1985-86 arose because of tough competition in the world market place which forced Shorts to trim its prices at a time when production and materials costs went up sharply.

Sir Philip Foreman, chairman and chief executive of Short Brothers, with a model of the company's Type 360 twin-turbo-prop airliner

The company now says that it is back on track. Costs have been brought under control, and production is running smoothly. Sir Philip is confident that there will be profits again in the current financial year.

Thus, in the strategic review of the company's situation and forward policy that the Government asked for this autumn, the company will stress that it intends to retain its current "four-cornered" business structure – fixed-wing civil aircraft, military aircraft, missiles and aerostructures.

The company stresses its determination to stay in the civil aircraft business but adds that, because of the virtually prohibitive costs of doing so alone, it will only do so on the basis of international collaboration. Even in the small, light commuter transport aircraft market, in which Shorts has specialised, the development of a new type could cost well over £100m.

An earlier agreement with Embraer of Brazil to work together on a future generation of commuter airliners appears to have been set on one side. The Brazilian company is seeking a greater grouping of South American aerospace companies, which has diminished its desire to work with Shorts on new airliner ventures, although the two companies are still working together on the Tucano.

That was the reason Shorts signed the agreement with de Havilland. The Canadian company has a long history of light transport aircraft design and development, including the famous Twin Otter, of which many hundreds have been sold, and the more recent Dash 50 and Dash 8 turboprop airliners which have been selling well in world markets.

Like Shorts, however, de Havilland has been finding the going tough in the world market place and earlier this year was itself bought by Boeing, the world's biggest jet airliner manufacturer, thereby significantly strengthening its position in world markets.

Shorts' relationship with de Havilland can only be beneficial in the long term, for it will bring together two companies with complementary products.

Currently the two companies are studying the market possibilities for new airliners in the 19-seat to 50-seat bracket. Those studies are being conducted by each company independently but will eventually be brought together in an analysis of what the likely market will be for specific sizes of aircraft in the 1990s.

They will also study advanced technology, and especially the new generation of prop-fan engines now under development. In particular, Shorts is understood to feel that a major leap forward in technology is necessary if selling prices are to be brought down and a new airliner project is to stand any chance of success in an already overcrowded market for light transport aircraft.

The company believes that by late next year, the basic concept of what is likely to be needed by the early 1990s will have emerged, and it is only at that time that decisions will be taken on whether or not to go ahead and on what type of aircraft.

It is thus too early to say precisely what type of aircraft will emerge from the joint de Havilland and Shorts studies. But Sir Philip remains confident that something positive will result from the relationship with de Havilland.

Looking further ahead, Sir Philip does not now see privatisation (the Government has been the sole owner of Shorts for many years) occurring for some time to come. He accepts that, although privatisation may still be on the Government's long-term programme, the company will have to build up a track-record of profitability before it can go to the market for a flotation.

Lucas announces £4m expansion to make silicon chips in Ulster

BY OUR BELFAST CORRESPONDENT

LUCAS INDUSTRIES yesterday announced a £4m expansion of its manufacturing activities in Northern Ireland which will give the province its first commercial-scale silicon chip fabrication plant.

Lucas Stability Electronics, a wholly owned subsidiary of the group, will create 200 new jobs at its factory at Antrim, 20 miles from Belfast, where it already employs 400.

The expansion will enable Stability to introduce a new range of components, known as surge suppressors, which are used to protect sensitive electronic systems from hazards such as lightning, nuclear radiation and static electricity.

Lucas said it was seeking 10 per cent of the annual £40m world market for surge suppressors, used mainly by the telecommunications and avionics industries.

Small-scale production is currently undertaken within the automotive division of Lucas in Birmingham. This will be moved to Antrim and built up over five years. Almost half of the projected 200 labour force, mainly comprising engineering graduates, will be recruited in the first year.

Mr Andrew Little, director and general manager of Stability, said financial assistance from the Northern Ireland Industrial Development Board (IDB) towards research and development and marketing costs had been a strong factor in persuading Lucas to relocate. In addition, the labour force at Antrim had always shown a readiness to adapt to new manufacturing techniques.

Until now Northern Ireland's electronics components sector has not included any large-scale silicon chip manufacturing. Mr John McAllister, chief executive of the IDB, said Lucas's choice of Northern Ireland was very encouraging to officials who had worked hard over the past year to boost the fortunes of this sector.

Mr Peter Viggers, Industry Minister at the Northern Ireland Office, said the investment was the result of a fundamental evaluation by Lucas of a number of options and he was pleased that Northern Ireland "came out tops."

He said that a recent increase in industrial investment activity in Ulster would continue into 1987.

Prices of houses 'frozen'

By Joan Gray

HOUSE prices in Britain have frozen with the onset of winter, according to a survey from the estate agents' body, the Royal Institution of Chartered Surveyors.

Nearly 80 per cent of the 190 agents in England and Wales polled in the survey reported that house prices had not risen at all in the quarter ending in November, and 36 per cent of agents reported rises of only 2 per cent.

This winter slowdown follows a rapid rise in prices earlier this year.

House prices have risen by a nationwide average of 13.6 per cent during the year to the end of November and by up to 25 per cent in Greater London.

But the RICS points out that the slowdown in price rises has not been coupled with any slowdown in sales and suggests that it is only a seasonal lull which will be followed by further rises in the spring.

"Activity has not lessened since the last report for the quarter ending in October, and many estate agents say that their offices have been running at a higher tempo than is usual for November," says the RICS.

It also points out that the slowdown in price rises repeats a pattern already observed last winter, when prices stopped rising at the end of the year and then continued to rise again at a rate well above inflation in 1987.

"Now is a good time to buy, before the spring boom."

Welsh agency backs new car

BY KENNETH GOODING

A REPLICA of the Mini-Moke, the open-topped, four-seat car, is to go into production with Welsh Development Agency backing at a factory on the Maesgwynne industrial estate, Merthyr Tydfil, South Wales.

Full production of the vehicle, called the Scout, will start early next year at the rate of 30 a month.

Mr Kent Davies, a chartered accountant who is chairman of Automotive Engineering and Manufacturing (AEM), the company set up for the venture, said yesterday the shareholders were contributing £80,000 of capital and the Welsh Development Agency £3,000 a head for each of the 24 people employed.

The agency is also providing the factory rent and rate free for two years, when the annual rent will then be £1 per square foot.

The new car, which incorporates a roll-over protection cage and offers either soft or hardtop cover, will use Austin Rover's 998cc engine and the Mini transmission. It has been designed to use several Japanese engines and transmissions should these ultimately be required.

To overcome rust problems which bedevilled the old Moke, the Scout is built from a new zinc-based alloy, Zinctec, provided by British Steel and carries a six-year corrosion guarantee.

Mr Davies said that most of the Scout vehicles would be exported – AEM already has orders from Gambia, Cyprus and Crete. The UK price will be about £3,280, or £2,200 for a kit.

The major shareholders in AEM are Mr Davies and Mr Ian Bishop, well known in the UK crane business, who each have 30 per cent.

Burtons' high-fashion report breaks mould

BY FEONA McEWAN

A NEW MAGAZINE enters circulation today, with glossy cover, high-fashion features, innovative typography and up-to-the-minute art direction. Only this publication is not for sale. It is the Burton Group's annual report.

Flick through a copy of Burton and you could be turning the pages of Vogue or perhaps Harpers & Queen. Annual reports may not yet be compulsive reading for any but the most mathematically literate, but there has recently been a distinct attempt in many quarters to make them more readable.

The traditional set piece of a dry chairman's statement, artless photographs of factories or offices followed by the all-telling figures, is being eroded, as imaginative design features make them more accessible to more people.

Michael Peters, the design group responsible for Burton's report among others, introduced the pop-up report. Herman Miller, the US modern furniture specialist, has taken to reporting on posters. Now, from Burton, comes the coffee table annual report.

It is gimmicky and original, but is it successful communication? If it is true that a report has about 20 seconds in which to arrest a reader's attention, then Burton is unlikely to fail. Whatever else, it is user friendly.

There was a time when City of London analysts' suspicions were aroused by glossy documents. The glossier they were, went the argument, the worse the company was faring. This view, however, is believed to be dying as the City accepts a company's right to communicate as it wishes.

"It is obviously a risk," says Sir Ralph Halpern, chairman of the Burton Group, "but we wanted to be more adventurous, to make it more readable for everyone."

A strong believer in wider share ownership, Sir Ralph sees the report as instrumental in encouraging this. As "an important company vehicle" he sees it as reaching not only shareholders, but also potential shareholders and employees.

"With 35,000 staff it is unlikely I can address them all in person," he says.

Altogether, 70,000 copies of the report have been printed, at a cost 20 per cent less than last year's report.

TECHNOLOGY

Olivetti taps knowledge of modern-day Galileo

Peter Marsh discusses the continued role of Maurice Wilkes within the computer industry he helped found.

IN A cramped laboratory above an electricity showroom in the centre of Cambridge, UK, a doyen of computing is passing on some of his knowledge to a team of researchers around the world, most of whom were not born when he recorded his finest scientific achievements.

Prof Maurice Wilkes, leader of the team which completed in 1949 what is regarded as the first fully operational electronic computer, called EDSAC, is now employed by Olivetti, the fast-growing Italian electronics company, to work on long-term research in areas such as software engineering and microchip design.

The professor, who has been working for Olivetti since the summer, has thus embarked on the third leg of a long and illustrious career in computing. The first phase was a 34-year sojourn as head of Cambridge University's computing laboratory—which is where he built EDSAC, short for electronic delay storage automatic calculator, and developed many software techniques in common use today. In between this and his joining Olivetti he had a five-and-a-half-year spell working at the Massachusetts research laboratories of Digital Equipment Corporation, the world's third biggest computer company.

Wilkes, a genial man who looks much younger than his 73 years, is suitably modest about his achievements. "In the course of a long life," he says, "a lot of things have happened."

Dr Hermann Hauser, Olivetti's vice president in charge of research, who at the age of 37 is Wilkes's boss, says that having the professor on his staff "is like employing Galileo to work on problems in physics."

Hauser, the founder and ex-chairman of Acorn, the Cambridge computer company in which Olivetti took a majority stake last year, says that Wilkes "provides a good source of vision and guidance."

Wilkes's ideas are intended to feed not only to the 12 or so researchers employed at Cambridge, but also to the scientists employed at Olivetti's other laboratories for long-term research. Three of these are in Italy, in Ivrea, Pisa and Turin, and the company is setting up two more in the US, in the Boston area and in California.

The main job of these centres, according to Hauser, is to work on projects such as advanced computer processing, voice recognition and software techniques.

Wilkes, who has a reputation for being extremely energetic and and for being exhausting to talk to, worked on similar projects in his previous job with DEC, which he started in 1980, immediately after leaving his academic role at Cambridge University.

He admits to a continuing fascination with computers. "To begin with no one had heard about computers and everyone thought we were mad. Gradually, the field became respectable. I still find it a very exciting area to be in."

Dr Gordon Bell, who as a former vice president of engineering at DEC recruited Wilkes to the US company, says the professor had been "influential in getting us (DEC) to look at areas such as high execution speed computers and new types of architecture." One of Wilkes's main areas of interest is in techniques to re-arrange the layout (architecture) of processing chips in computers to make the machines work more quickly. (see below)

Maurice Wilkes: On the third stage of an illustrious career

Bell, who is now assistant director of computing at the National Science Foundation in Washington, hints that the US computer company may have been disappointed to see Wilkes pack his bags and work for Olivetti.

It was a case of "reverse technology flow," according to Bell, who says that as the Italian company is "technologically inferior" to DEC, it had a lot to learn from DEC's approach to areas such as processing architectures. "A lot of things he [Wilkes] is working on now, he captured in a DEC environment," says Bell.

Working closely with Wilkes at Olivetti is Dr Andy Hopper, another ex-Acorn director who combines being in charge of Olivetti's Cambridge laboratory with lecturing in computing at the university. Indeed, the Olivetti laboratory in Cambridge, which will specialise in network technologies and new kinds of microchips, is almost an adjunct of the university computing department, with all its staff having worked there previously and with many of the projects shared with the university.

It was Hopper, an effervescent 33-year-old who flies his own aeroplane and was a former student of Wilkes's in the 1970s, who contacted the professor about a year ago to ask him if he would like a job with Olivetti. Hopper says Wilkes "fits in very well" to the "youthful style" of the Cambridge laboratory.

MAESTRO BEHIND CREATION OF £100BN-A-YEAR MARKET

Professor Maurice Wilkes was among the gifted scientists, most of them from the US or Britain, who in the 1940s and 1950s built the first electronic computers. In the process, they laid the foundations for a world industry with annual sales of about £100bn.

Wilkes' role in the 1980s in helping Olivetti to devise new types of electronic machines is broadly equivalent to having Orville Wright transported by a time machine to work on jumbo jets.

"He (Wilkes) is a remarkable man, with an extraordinary ability to keep up with what is going on," according to Bernard Cohen, professor in the history of science at Harvard University.

Prof Wilkes is famous mainly for his work in techniques related to software, the instructions that make the electronic circuits inside computers tackle specific problems, anything from working out payroll figures to tracking guided missiles. Some of Wilkes's basic ideas in programming, which he worked out 30 years ago, "are still as relevant today as they were then," says Brian Randall, professor of computing at Newcastle University in Britain.

According to Dr Martin Campbell-Kelly, a computer historian at Warwick University, one of the key points about Wilkes's work on the EDSAC, his pioneering computer of the 1940s, was that Wilkes "kept his sights rather low. He was not particularly interested in the technology, he just wanted the machine to work."

This approach led Wilkes and the other members of his team at Cambridge University to explore new ways of writing software for the machine (and later versions which they produced in the 1950s) so that the computers could tackle more complex problems. Out of this work came two major advances:

- Microprogramming. This a technique, aimed at making computers more flexible, of arranging the processing circuits of a computer such that they can easily be reprogrammed. In essence, the approach saves the computer engineer from having to redesign the circuits each time he wants to attack a more difficult problem.
- Subroutines. Wilkes is credited with advances in ways of "stitching together" big and complex programs by using a library of small components of software, each of which has been fully developed and tested. This is similar to an architect designing a house using a series of standard drawings that describe kitchens, bathrooms and so on.

Elements of this work in software are highly relevant to the studies taking place in computer laboratories around the world — including those run by Olivetti and DEC — into new architectures for computers. Among the ideas for new circuit layouts, intended to make programming simpler and to speed up processing, are so-called RISC techniques, short for Reduced Instruction Set Computers.

According to Campbell-Kelly, Wilkes should be able to make a major contribution to these activities. "He has got tremendous insight and can come up with deceptively simple solutions. I shall be interested to see what emerges" (from his work at Olivetti).

Looking back, Wilkes notes that some of the skills needed to build computers have changed somewhat. One of the Cambridge University machines which followed EDSAC was constructed with the help of an engineer seconded from J. Lyons, the catering company which was an early computer pioneer. The engineer had previously worked on vending machines for hot sausages.

According to Wilkes, the early computer engineers "always had the vision" of the machines growing into a big business. But due to the unexpected advent in the 1970s of integrated circuits—which in a few years changed computers from being enormous, power hungry machines made from valves to small boxes packed with silicon chips that could sit on desks—the industry grew much more quickly than he could have anticipated.

The event which brought home to Wilkes how much computers had altered occurred at a party to mark his retirement from Cambridge University in 1980. "Clive Sinclair came along and gave me one of his computers. I realised that we had reached the stage where people gave away computers in the same way as they hand over a bunch of flowers."

British industry begins to picture training benefits

WHILE British television viewers are currently spellbound or shocked by the BBC's drama series, *The Singing Detective* — which parodies Philip Marlow in the exploration of a writer's childhood problems — accountants Price Waterhouse have been screening their own spoof about the American crime novelist.

The Price Waterhouse effort, however, is an interactive video (IV) programme — a training package designed to teach the interpretation of accounts. Guided by Philip Maclow (sic) seeking clues, the veiwer can control the programme — retracing his or her steps or jumping ahead to examine specific pieces of evidence — all in the quest to read between the lines of a company's accounts and discover what is really going on.

The Price Waterhouse programme is just one of over 40 seen recently in Brighton at a conference and exhibition where interactive video suddenly has emerged as a viable and potentially major industry. The event attracted over 50 exhibitors. Major industrial users such as British Gas, Jaguar Cars, IBM, Shell and British Telecom are all installing interactive video networks, many of them claiming dramatic benefits.

One driving force in the enthusiasm for IV is training. Jaguar Cars, for example, has used it to introduce mechanics and dealers to the technical details of the company's new range of cars — with instruction covering everything from gearboxes to air conditioning systems. The Jaguar network of 113 dealers has been equipped with IV systems and the company claims that four-day courses have been, in consequence, reduced to only two day courses, with less demand on trainers.

Interactive video links the moving (and still) pictures of a video disc (or even videotape) to a micro computer—enabling programmes to be explored in a non-linear fashion under the direct control of the viewer. The computer monitors the keyboard responses of the user, jumping to other parts of the programme which are appropriate to the response — perhaps to highlight an incorrect answer or show something specifically sought by the user. A print-out of the user's path and responses through the programme may also be provided.

The applications of this technology are becoming increasingly imaginative. Obvious ones extend beyond training into areas such as point-of-sale—where, for example, a salesman can use the equipment to show customers a whole range of products. In the US, Florsheim shoe shops and opticians (for spectacle frames) operate such services, while user-operated systems for DIY supplies have been installed in hardware shops. Mothercare, Littlewoods and Co-op shops, in the UK, are among those with such point-of-sale systems.

FILM AND VIDEO

by John Chittock

Newer ideas, however, extend IV technology to often extraordinary limits. One example seen at Brighton is an American training programme for welders which turns the video disc IV system into a simulator.

The welding pupil sits in front of the television screen with a light pen, which when touching various parts of the screen will activate the system appropriately. But this is no ordinary light pen. It is a mock-up of a welding torch. The TV screen displays a 'joint' to be welded and the "torch" has to be held at exactly the correct distance and angle to produce a satisfactory weld.

If the torch is held too close, the video disc jumps ahead to reveal the weld over-heating. Too far away and the weld goes blue. If the angle of the "torch" is incorrect, a mercury switch inside it activates another part of the programme to yield the appropriate visual result.

One of the award-winners in the Philips-sponsored competition for programmes at Brighton demonstrates an IV application that will interest UK motorists. This is Shell's "Traveller's Check"—an information kiosk which has been installed in some service stations (especially in East Anglia) and provides local travel information. The interactive video discs display maps on the TV screen which the motorist can "interrogate" to find the best routes or place locations. Pictorial information is also available and up-to-date road and weather data can be called up via videotex.

The military is also emerging as a major customer for interactive video systems. In the US, 1,000 tank gunnery systems employing IV are in use, some 3,000 systems have been installed for recruiting purposes, and another project has put maps of the entire world on to video discs as part of the defence programme.

Training and education are emerging as the leading customers for IV, partly because of the demonstrable efficiency of the technology—reducing training time, delivering instruction with absolute consistency, and allowing individuals to be trained, unsupervised, as and when convenient.

With UK industry still suffering from a lack of skilled people, training is moving higher up the country's agenda. One speaker at Brighton claimed that British companies spend only 0.15 per cent of turnover on training compared to the three of four per cent of some other nations.

Since an IV network, with programmes, may easily cost £1m to install, it is easy to see why this new industry is getting excited about its prospects. The Department of Trade and Industry is vigorously encouraging companies to use IV—even funding some projects; and Britain is challenged only by the US in IV expertise and exploitation of the medium.

For the manufacturers of the hardware, and in particular Philips of the Netherlands which has established a lead in IV systems, it is a new market ready to take over as consumer video begins to level out. Like all new growth industries, however, it may face one danger—an influx of opportunists who know little about this complex technology and the creative demands of its programming; and, with reckless price-cutting leading to more failures than successes, they could drive away some first-time customers forever.

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THE ARTS

The Country Wife/Manchester

Martin Hoyle

There seems to be no holding Manchester's Royal Exchange Theatre Company. After Marlowe's *Edward II* and a new work, both favourably noted by colleagues in these pages, they now come up with an audacious, vital and abrasive production of Wycherley's comedy of cuckoldry that draws parallels between the Restoration and our own times. The result is engrossing, provocative and thoroughly exhilarating.

Not since the same company's dazzling costumed *Hay Fever* has such an antic parade nudged current fashion so insolently in the ribs. Elements from three centuries combine in effects that are as contemporary as today's (no — tomorrow's) style magazine and as timeless as all great satire. The famous Sparkish, for example, initially sports a padded-shoulder dress-coat (outrageously lined), purple cummerbund, silver-tassled chains, black tights and a miniature crown perched unshakeably on his head. The men's headgear ranges from pillbox to bowler (for the FT-reading Fidget). The women's stylised full skirts and trains are more conventional but no less splendid in red or purple, or, as with Alithea's wedding dress, black and white, dripping with pearls and bristling with feathers.

Mark Thompson's designs set the tone of soulless chic. Tubular parallel bars, like outsize toast-racks, glide in on rail tracks to do duty as furniture. A town promenade is overhung with Perspex showcases containing, among other things, female legs and a male torso: dehumanised humanity, now merely objects to acquire. As the excellent Alex Jennings booms and preens as Sparkish (a role that period wigs and ruffles could topple into tushery) camp is bypassed, arch flouncing avoided, and all falls into unnervingly sharp focus. This ruthless pursuit of style with the hard, cold brilliance of diamonds is of course punk.

Aptly, given his filmic recreation of Sid Vicious, Gary Oldman is an intense Horner of repressed energy and pent-up intensity. We meet him in a crimson dressing-gown with a train that Turandot might envy. He throws it off for bare-chested aerobics, part exercise, part war dance. Hollow-eyed, black hair lank, this sexual machiavel is grimly earnest in his amorous stratagems, almost epileptic in frenzied fantasising, his legs buckling with desire, one foot raised and suspended, a stallion about to paw the ground.

Cheryl Campbell's lovably bucolic Margery is an innocent sensualist, as yet lacking Horner's cunning but his match in physical energy. She jogs, does a spot of gym and turns somersaults before her opening line on the possibility of a good walk in London. Hearing she has an admirer, she follows a moment's incredulous silence with shrieks of delight; and later flies into a screaming tantrum at the prospect of going home with nothing of London to tell her country neighbours. Hugging and kissing her soft toys, she cackles with joy at the memory of Horner's tongue between her lips; and writes her clandestine love letter in mounting excitement astride a cabbage patch doll.

Le style, c'est tout. Where appearances are all, the outsider would of course be as dishevelled, unshaven and tramp-like as Iain McDiarmid's Pinchwife (that length of bare shin between tweedy knee-breeches and lace-up boots says it all). This virtuoso comic performance prances, coos, snarls, snaps at the audience and leaves one uncomfortably aware that Margery is lumbered with a bully as well as a buffoon. There is no comfort in this play.

In support are actors of the calibre of Duncan Bell (Orlando in the Exchange's notably successful *As You Like It*) and Sheila Ballantine, whose Lady Fidget points the wit with the bitterness of experience. Much of the dialogue emerges as fresh and funny. Only a second-night flatness, when some of the company seemed to hold back, marred the performance. Once they get stuck in the effect will be memorable.

Pickwick/Northcott, Exeter

B. A. Young

The Northcott programme tells me that Dickens wrote 400,000 words about Pickwick, but Wolf Mankowitz has taken only the parts for his script that people will enjoy for their familiarity. These are the best part of the dependent musical, real mutations of Dickens's inventions. Sometimes he has put too much faith in the written word. The case for Mrs Bardell seems to go on for ever. What it needs is some background melodrama (in the real sense of the word), which would actually help Christopher Northey in his already good presentation of it.

Leslie Bricusse's lyrics are mostly autobiographical — "I am" or "I do" pieces, often with so many verses that one tires of the repeated choruses. Cyril Ornadel has set most of them in a conversational manner, very good for the words. Pickwick's "If I ruled the world" provides the only tune to take away, though, and then you have to forget the truisms of the words. Mr Bricusse is no Lorenz Hart.

We begin with Pickwick, a friendly figure portrayed by Geoffrey Pogson with half his hair shaved off, joined by Sam Weller in the Fleet prison. The arrival of a coach drawn by two shire horses, which burst open to reveal the actors inside, takes us to the Christmas Eve meeting of the Pickwick Club, complete with Wardle and his ladies, Snodgrass, Tupman, Winkle and Jingle, and we follow their various adventures, including Pickwick's accidental embrace of Mrs Bardell. We go skating in a morning cloud of mist, through which Pickwick sinks, rather undramatically, down to his waist; then, after the interval, we arrive at Eatonswill for the election, where Mr Pogson shows off his tenor voice in "If I ruled the world."

Next follows the case of Bardell vs Pickwick, with its darts at the law, almost as outrageous as those of Mr Malcolm Turnbull in Sydney; and as Pickwick loses, we find ourselves back in the Fleet. There, Pickwick, rescued by fellow-members of the Pickwick Club, pays off everyone's debts, including Jingle's, and everything ends as improbably happy as *Measure for Measure*.

George Roman has directed a brisk, enjoyable production, the singing worthy of Gilbert and Sullivan, and the modest dancing too (choreography, Chris Power). Enjoyable cameos bring the characters to Dickensian life, notably by Malcolm Brown as a cheerful Sam Weller constantly on the verge of a tap-dance, Roger Llewellyn as a gentleman every inch between his worn shoes and his shabby topper, and a Mrs Bardell from Sheila Bernette, who cannot hide her basic motherliness under her avarice. The versatile scenery is the design of Sean Cavanagh, and Liz Ascroft did the costumes.

Castel Sant'Angelo, Rome/William Packer

Treasure in an awesome setting

One would hardly have thought of Rome in need of more treasure of any kind — least of all of sacred or devotional works of art—with which to tempt the visitor. But the exhibition which has just opened at the Castel Sant'Angelo, *Art Treasures from the Diocesan Museums of Italy*, (which is sponsored by Alitalia as part of the company's programme of cultural support, celebrates the 40th anniversary of Alitalia's foundation, and continues until January 31) succeeds with admirable simplicity and directness on at least three counts. The first consideration is where it is; the second, where the works that make it up have come from; and the last and most important, what those works actually are.

The Castel Sant'Angelo is the extraordinary fortress that commands the crossing of the Tiber and the approaches to the Vatican, and was indeed over so many centuries the military key to the city.

It remains the very image of effective, ancient secular power, and is inescapable in its imaginative force and physical presence. It may be stretching the point too far to take the castle as part of this present exhibition, but it is an exhibit in itself, an awesome work of architecture that becomes, in its topmost rooms, a surprise and a delight. The exhibition supplies the excuse to enter the place and takes the opportunity to show the building off to fine advantage.

We are first led down to the lowest vestibule, first built as the mausoleum of the Emperor Hadrian. There, a single object, a magnificent baroque ciborium by Cosimo Fanzago (from the Naples Museum), in the form of a miniature basilica some six feet high and inlaid with semi-precious stones and metal, both announces the exhibition and turns us on our ascent to the upper levels.

On and up we go through the gloom, first by the wide old hadrianic ramp that curves around the central mass of the castle and then, at right angles, by the gently stepped corridor which Pope Alexander VI (1492-1503) cut straight through the heart of the ancient tomb. Thus we reach a small courtyard, somewhat below the level of the ramparts, to enter the exhibition proper and a sequence of rooms, quite plain at first, that become ever more richly decorated, light and airy as we climb. At last we emerge a little above the ramparts with the whole of Rome at our feet.

Decollazione di S. Caterina D'Alessandria

But these, real as they are, are but incidental pleasures to our serious purpose, though only the most hardened of purists would complain at the distraction. God knows quite how much material there is in Italy, from which to draw for an exhibition of this kind. Yet even the most dedicated culture tourist, Beideckered to his knees at the end of a long, hot day, might be forgiven for supposing that the delights of the local Diocesan Museum could safely be forgone. The evidence here is that he would be mistaken, and with this—but a teasing taste of the treats that might be had—we can only begin to guess at what else there might be uncollected, uncatalogued, unremembered and out of sight.

The Pontifical Commission for Sacred Works of Art has chosen a mere 90 works to represent the richness, variety and quality of what it holds in this comparative obscurity. This comprehensive overview of the material is the first ever attempted in Italy. Painting, sculpture, manuscripts, fabrics and vestments, church furniture, jewellery, boxes, caskets and assorted reliquaries all fall within the scope of the exercise and its given period—the early medieval to the later 18th century.

In terms of general scholarship there is no consistent argument or exegesis, no conclusion to draw, but only the scholarly presentation of each particular object for what it is. Here the visitor is on his own, to test his own experience in the face of the work and trust his own response, for there is little point in my detailed rehearsing of the catalogue. I shall simply go through the card, as it were, marking a few personal favourites.

The first two rooms are given over principally to sculpture and the earlier paintings. A reliquary of Saint Barbara (the Ravello Cathedral Museum), loosely dated from the 14th century, commands the entrance. It is perhaps the oddest and certainly the most striking object in the show, a silver-gilt and polychrome half-length of the unfortunate lady, her hand raised above the tower that is the attribute of her martyrdom. She stares fixedly ahead and with the utmost severity.

No less sculptural but infinitely more touching and humane is the 15th century carving in stone, from the studio of Domenico Gagini, of the figure of the Madonna of the Annunciation (Palermo), half turning in her surprise at the news. It is the most natural thing in the world, and the relaxed sway of her figure beneath her dress recalls nothing so much as Herrick and the sweet flow of his Julia's silks. But more beautiful still is the late 16th century Madonna enthroned with the Holy Child lying on her lap, in painted wood, and attributed to Silvestro de L'Aquila (L'Aquila). The palpable lightness of the material, compared to stone, informs such carvings with a natural and immediate liveliness that can touch the heart. Hieratically four-square and sculptural she may be, but so lightly does Mary turn her head aside past her praying hands to smile down on her child.

As for the paintings, they include some very great works indeed, among them a fine Martyrdom of Saint Catherine of Alexandria, by Guido Reni (Albenga), a magnificent Saint James the Great by Titian (Venice), and best of all — to finish the exhibition — The Vision of The Virgin and Child to S. Filippo Neri, by Tiepolo, with its ecstatic flurry of cloud and silk, fresh and angel's wings on high. But it is characteristic of the exhibition that so much of what is so good should be by obscure artists, if not acutally unknown. And across the room from the Tiepolo, as though to make the point, the Annunciation by Francesco Solimena (Naples), painted around 1700, holds its place on its merits. It may have nothing of Tiepolo's astonishing ease and mastery, yet for all that it is as firm and vigorous in its handling and dynamic in its composition as one could wish.

Schnittke/Almeida

Dominic Gill

The Soviet composer Alfred Schnittke attended the British premiere of his first symphony at the Festival Hall last week; and to honour his visit to this country, the ensemble Chameleon also mounted a chamber recital devoted entirely to his music at the Almeida Theatre on Saturday afternoon.

Schnittke's first string quartet of 1966, which opened the programme, is far removed from the zany, eclectic world of the symphony. Its home is the more conventional serial arena of the 1950s and early 1960s, and its final movement in particular, subtitled "Cadenza," harks back explicitly, and with evident wistfulness, to the plangent harmonic language of Berg (Schnittke spent the musically formative early years of his life in Vienna where his father worked on a Russian-language newspaper): but the writing has the same conciseness and energy, and the same penchant for the unpredictable which we recognise as the hallmarks of his later style.

By 1968, at the time of the first sketches for the symphony no. 1, the manner had become distinctly more extrovert, and the working more adventurous and original. One of Schnittke's chamber works best known to us here, *Quasi una sonata* for violin and piano, dates from that year—an exuberant essay delivered with remarkable self-assurance, bound together from first to last by a B-A-C-H motif which turns out eventually to have almost Wagnerian implications. The performance on this occasion by Mark Lubotsky and Peter Frankl brilliantly caught its sparkling momentum and energy, and the excitement of its invention.

References abound. The *Improvisation and Fugue* for piano solo, played by Andrew Ball, seems to recall the sound-world of Prokofiev's *Toccata* (and once or twice the pounding finale of the seventh piano sonata); while the afternoon's most recent Schnittke work, the second *string quartet of* 1980, harks back quite explicitly at key moments in its finale to Shostakovich. The third *meso* movement is an extraordinary hybrid of a Bartok nocturne and a mediaeval lament: but there is nothing anywhere in the music which smacks of pastiche—the sense is rather of enthusiastic recognition and homage: of a tradition understood and accepted, and of new links forged.

La Bohème/Grand, Leeds

Andrew Clements

Eiran Davies and Adrian Martin

Anyone conditioned by David Freeman's Opera Factory productions into expecting radical, irreverent reworkings of staple operas is in for a surprise with his staging of *La Bohème* for Opera North, which opened in the Grand Theatre, Leeds last Thursday. For Freeman's conception sticks closely to the feeling and spirit of the original: by no means exactly that of Puccini's opera, but consistently observing the detail of Murger's novel from which libretto was fashioned.

Freeman's concentration upon historical and literary accuracy emerges in the note he provides for the programme book: "Episodic and spontaneous, the one thing *Bohème* cannot survive is pomposity. It is a view of Paris, of a particular threatened social group living on the fringe of organised society, seen through the perspective of six characters. Mimi's death is a pity, not a tragedy."

That defines the tone for the evening—precise, light-fingered and gently witty, given pace by Amanda and Anthony Holden's deft and un-selfconscious English translation, while the Paris of 1830 is also conjured artfully in David Roger's dusty and downbeat sets. The interpolation of spoken narrative derived from Murger at the start of each act is the most striking emendation, serving to fill the gaps left in the story by Puccini and at the same time setting the action in an historical framework. The commentary is delivered by Schaunard 20 years after the events and now grown into a successful academician.

Only in evoking the Café Momus does Freeman falter: his handling of the crowds of Christmas revellers is routine and unimaginative. From his corps of principals, however, he obtains characteristically close-knit, finely-detailed performances which manage to focus a particular slant on the opera, again perhaps closer to Murger than to Puccini. Here there are a Marcello (William Shimell) and Musetta (Anna Steiger) as forceful and at least as attractive as the central pair of lovers; Shimell makes an imposing severely handsome painter, and Steiger is strong-willed, entirely serious. Their full-blooded singing is also contrasted with the lighter tones of Eirian Davies's Mimi and Adrian Martin's Rodolfo.

Elgar Howarth conducts a brisk account of the score, full of crisp woodwind detail and leaving little space for sumptuous textures. It is perfectly attuned to what promises to be a durable, intelligent production that manages to expose the well-knit dramatic bones of the opera without retaining too much superfluous sentiment.

The Nutcracker/Covent Garden

Clement Crisp

There can be no greater compliment than to say that the Royal Ballet's *Nutcracker* honours Chaikovsky's music. Where the score is at its greatest—the whole of the first act seems to me as imaginatively vivid as anything the composer wrote for the theatre — there the staging responds with sympathy. I have already commented this season upon the magical effects obtained during Drosselmeyer's transformation of the Stahlbaum drawing-room, as the scale of Clara's world changes to nightmare proportions, the Christmas tree grows, and the battle with the mice ensues. Listening to Gennady Rozhdestvensky's loving account of the score on Saturday afternoon and evening, with the Opera House orchestra on best form, there seemed the happiest relationship between what we heard and what we saw. Chaikovsky's poetic fervours, the skills of Julia Trevelyan Oman as designer and of Peter Wright as producer were in entire harmony, and we—audience elderlies and tots alike—were held in a child's gasp of delight at the mechanical excitements that a theatre can give us and, *pace* the recent *Beauty and the Beast*, give us with theatrical purpose in *Nutcracker*.

The second act divertissements are a bore, except for the pretty Mirlitons numbers, and there was not much sparkle about them on Saturday. But the grand pas de deux and the return to Brosselmeyer's story puts the gilt back on the seasonal gingerbread, and the rounding-off of the narrative leaves a sense of dramatic satisfaction rare in stagings of this most difficult ballet. For difficult it is; intractable in its libretto, it asks, in effect, for different perceptions from us about what a ballet can do as spectacle. Spectacle in *Nutcracker* is both a view of a world and a means of transcending it, and in this the present version is entirely happy.

Performance on Saturday brought several debuts. At the matinée, Maria Almeida and Antony Dowson were stylish, technically clean, as the Sugar Plum Fairy and her cavalier, with Miss Almeida most attractive in the variation, and Mr Dowson shaping his solo with fine assurance. In the evening, Cynthia Harvey gave a dazzling, light account of the Sugar Plum Fairy, elegant at every moment. A Nutcracker new to me was Philip Mosley, engaging in manner as in dancing, and I have to report that a young spark from the Royal Ballet's Junior School, Christopher Wheeldon, is a Fritz wonderfully convincing in his acting and a neat, buoyant dancer.

Saleroom/Antony Thorncroft

What the experts think

Once again Phillips, the London auction house, has come up with its tips for antique collectors on the best buys for 1987. It asks 140 of its specialists to name the items in their fields which have been in greatest demand in the past year — and also those which they consider to be under-priced. It also encourages them to make suggestions outside their particular area.

There tends to be little surprise in the choices — it is invariably furniture and pictures wrestling for pole position. This year it was furniture — fine English 18th century furniture chased up by Edwardian furniture, which came out top.

Then came the pictures—English watercolours and modern British pictures, especially those of the Newlyn school, a coterie that Phillips has done very well within the past year but which it still considers full of financial steam. Then there is a list—ceramics, in particular lesser English 18th century and Chinese blue and white; jewellery (Fabergé, Edwardian and deco); art glass and pottery; textiles—and a mass of collectibles, with golf memorabilia, toy soldiers and Dinky toys well to the fore. There were also backers for 19th century oriental bronzes, photographs, and commemorative medals.

Perhaps there are few surprises among the tips, but the very unanimity among experts is impressive. Digging deeper into what is reckoned to be the under-priced may be more useful to readers. In furniture middle of the road continental and cane furniture are supported. In paintings the 15th and 16th centuries, and English portraits, are liked, and, in the modern period post-war and the English surrealists are thought to be just about ready for the big time.

Early and Renaissance metalwares, Georgian / Victorian cream jugs and mustard pots, 1950's gold jewellery, Royal Worcester figures, ivory carvings, Doulton animals, all seem cheap to at least some of Phillips' experts.

And if your budget cannot stretch above £500, look for pedestal desks and foreign topographical prints; coral items and Japanese ivories; 18th century English drinking glasses and carriage clocks. Up to £3,000, the best buys can be found among the Dutch 17th century portraits, the 17th century Japanese porcelain, chess sets and musical boxes, and late Victorian diamond brooches.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

December 19–25

Opera and Ballet

LONDON

Royal Opera House, Covent Garden: Royal Ballet in The Nutcracker.

Royal Festival Hall: London Festival Ballet in The Nutcracker.

Sadler's Wells, Rosebery Avenue: Sadler's Wells Royal Ballet opens a season with The Snow Queen on Tuesday.

VIENNA

Staatsoper, (51444/2655): A Summer Night's Dream conducted by Richter; La Boheme conducted by Makkerras with Freni, Wise, Dvorsky, Hornik, Helm; Die Fledermaus conducted by Neuhold with Ghazarian, Dernesch, Lind.

Volksoper (51444/2655): Madame Pompadour conducted by Bibl; Der Opernball conducted by Boncompagni; Die Fledermaus conducted by Bibl.

PARIS

Offenbach Gala and dinner with Orchestre National conducted by Georges Prêtre and Paris Opéra Choir and Ballet from 8.30pm until midnight. Paris Opéra (Wed) (4266 50 22).

NEW YORK

Metropolitan Opera (Opera House): The week features Rigoletto conducted by Thomas Fulton in John Dexter's production with Mariella Devia, Sherrill Milnes, Dano Raffanti and Dimitri Kavrakos; La Bohème conducted by Julius Rudel in Franco Zeffirelli's production with Leona Mitchell, Barbara Daniels and Brian Schexnayder; Fidelio conducted by Klaus Tennstedt in Otto Schenk's production with Hildegard Behrens and Robert Schunk; and Die Fledermaus conducted by Jeffrey Tate with Kiri Te Kanawa, Tatiana Troyanos and Otto Schenk in Otto Schenk's production. Lincoln Center (362 6000).

New York City Ballet (New York State Theater): The company's 85th season continues with five weeks of The Nutcracker. Lincoln Center (870 5570).

Next Wave Festival (Brooklyn Academy of Music): Philip Glass and Robert Wilson's collaboration, the Civil warS, is presented in the festival with the American premiere of Act V, Rome Section). Ends Dec 30 (718 636 4100).

Kiri Te Kanawa, this week in Die Fledermaus at the Metropolitan Opera House, Lincoln Center, New York.

WASHINGTON

Washington Opera (Terrace): The second part of the company's season at the Terrace Theatre features Don Pasquale in a new production by Douglas Wager conducted by Cal Stewart Kellogg with Francois Loup in the title role, Pamela South as Norina and Gran Wilson as Ernesto. The 1982 English-language production of The Abduction from the Seraglio returns conducted by Arnold Ostman with Joyce Guyer as Constanze, David Kuebler as Belmonte and Kenneth Cox as Osmin. Kennedy Center (254 3695).

CHICAGO

Lyric Opera: Lofti Mansouri's 1981 production of The Merry Widow makes its holiday reappearance conducted by Baldo Podic with Maria Ewing in the title role, Alan Titus as Prince Danilo and Jerry Hadley as Camille de Rossillony (332 2244).

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Tuesday December 23 1986

The oil price roller-coaster

A YEAR ago, adventurous analysts were predicting that the oil price, then close to $30 a barrel, might fall as low as $20 in 1986. In the event, the price plunged precipitously, dipping below $10 for the first time, appropriately enough, on April Fool's Day, before stabilising at around $15 in the autumn. Ironically enough, as December draws to a close, the oil price forecasts of late 1985 are *beginning to look realistic* again: the reassertion of discipline within Opec makes a $20 price a distinct possibility in 1987; the futures price for February is already close to $18, the cartel's immediate target.

Pain threshold

Most observers agree that Opec *is now* showing a remarkable degree of unity. Saudi Arabia and Iran, for once, are pulling *together* and there seems reason to suppose that members will not cheat on the demanding new production quotas, at least in the initial stages of the agreement. Whether this demonstration of collective purpose will prove sufficient to stabilise the oil price at a significantly higher level depends on many *factors*, not least the reactions of non-Opec producers and the speed with which the large overhang of oil stocks can be absorbed.

Rises seem likely if only because a stable price of around $18 would gratify so many interests outside the Gulf. A 20 per cent rise in the oil price from prevailing rates would bring sizeable relief to the energy sectors in the US and UK and to oil-exporting developing countries such as Mexico. The big oil companies have long regarded $15 as uncomfortably close to the "pain threshold" of $10 and their strategists argue that such a price is too low to ensure an optimal long-run commitment to exploration and conservation. Such arguments cannot *easily* be dismissed even if they do contain a liberal dose of self-interest.

The macroeconomic consequences of a $3 or so rise in oil prices do not look too alarming. This is partly because the benefits of a sudden fall in oil prices were somewhat overplayed. The OECD, among other forecasters, admits that it was too optimistic: 1986 has not been characterised, as many hoped, by outstanding growth. In the industrialised world, real GNP has risen only by about 2½ per cent compared with 3 per cent in 1985 and 4.7 per cent in 1984. Contrary to expectations, lower oil prices have been associated with a loss of economic momentum.

There are many reasons for this. The OECD stresses that the lack of growth is partly a timing problem: in many countries, such as Japan, the benefits of lower energy prices have been passed through only in part to the final consumer. More fundamentally, a change in the price of any commodity is bound to create both winners and losers; the purchasing power gains of rich industrialised countries have been offset by the income losses of oil producers who have cut back savagely on imports. This should not seem surprising: it would be odd indeed if the growth rate of the world economy could be substantially changed merely by a change in the relative price of a single commodity.

The main lesson from this year's extraordinary events in the oil market *is surely* that excessive volatility in the price of a key commodity is in the interests of neither producer nor consumer. A roller-coaster which carries oil prices from a high of $30 down below $10 and then up towards $20 all in the space of 12 months is an economic menace.

Saudi strategy

Such oscillations are not a reflection of genuine fluctuations in demand and supply or in long-run expectations; they mainly reflect power-play within Opec — the Saudi strategy, initiated by Sheikh Yamani, the former oil minister, of flooding the oil market in order to bring recalcitrant members of the cartel to heel.

The fact that, after a harrowing 12 months, the Saudi strategy is showing signs of bearing fruit is very much a mixed blessing for Western oil consumers. A united Opec dominated by moderates may be preferable to chaos but it will not guarantee either a stable or an efficient price for oil in the longer-term.

Gorbachev and human rights

IS THE return from exile of Dr Andrei Sakharov to Moscow today a tactical manoeuvre to defuse the Soviet human rights issue in the eyes of the world or a sign that Mr Mikhail Gorbachev is taking practical steps to limit the arbitrary use of Soviet state power against the individual?

The real motives of the Kremlin are a mixture of the two. Soviet self interest and the more liberal atmosphere under Mr Gorbachev both argued against Dr Sakharov's continued detention. His seven years in exile in the city of Gorki had failed in its original intention of silencing his voice and had, if anything, exalted his status as a martyr.

Dr Sakharov's detention also seriously undermined Mr Gorbachev's efforts to improve the Soviet image in the world. The Kremlin now gives a high priority to removing itself from the centre of US demonology as "the evil empire." Soviet foreign policy makers cite with satisfaction US and West European opinion polls showing a reduction in distrust of Soviet intentions.

In these circumstances Mr Leonid Brezhnev's policy of repressing internal dissent in the Soviet Union by imprisoning or exiling its leaders had become a political liability. The price paid in discrediting the Soviet Union abroad was completely out of proportion to the threat posed to the regime by a few hundred dissidents at home.

Deft manoeuvre

This sensitivity to adverse publicity in the West benefits prominent individuals whose cases have become well known abroad such as Dr Sakharov or Irina Ratushinskaya, the poet who arrived in Britain last week after her sudden release from jail. But the most important question is to what degree these symbolic releases indicate an improvement in the civil rights of 280m ordinary citizens of the Soviet Union.

Here the signs are optimistic—less because of the release of Dr Sakharov, which could be explained as a deft manoeuvre in super power public relations, than because of the other measures taken by the Soviet Government last week. Since Mr Gorbachev came to power there has been greater openness over economic and social failings of the country, and the immediate announcement of riots in Kazakhstan by students apparently opposing the appointment of a new Communist leader for the republic is impressive. Not since the 1920s has Moscow openly admitted violent political dissidence on home soil.

The announcement of the release of Dr Sakharov also coincides with an attack in the Communist Party daily Pravda criticising Mr Leonid Brezhnev, ruler of the Soviet Union from 1964 to 1982. It is noticeable that the thrust of the criticism is not the failure to modernise the Soviet economy over the past 15 years but the lack of democracy and absence of criticism.

Wider margin

It was the ideological and mental vacuum which existed in the Soviet Union in the 1960s and 1970s which gave the small band of active dissidents such real potency. The failure of Mr Brezhnev and the men around him to produce any ideas about how the Soviet Union should deal with its problems made them exceptionally vulnerable to any challenge from within.

The new leadership in Moscow is much more confident that it can cope with a higher degree of internal dissent than its predecessors. This does not mean that the Soviet Communist Party has any plans to dilute its authority but it does mean the margin of what is allowed has widened significantly over the last year. There is always the threat of a backlash, but for the moment it is increasingly difficult to see how the Kremlin could return to the orthodoxy of Mr Brezhnev's years even if it wanted to.

The final reason for taking the release of Dr Sakharov very seriously as a genuine change of policy is that neither Mr Gorbachev nor his senior advisers are stupid men. They can see that the good publicity stemming from the release of notable dissidents will soon dissipate, and other cases will become equally well publicised unless the Kremlin is to be more tolerant of dissident views. This should not prove too difficult since much of what people were imprisoned for in the 1970s is now the party line, enunciated in the columns of Pravda and Mr Gorbachev's own speeches.

THE ROVER GROUP

A new plan, an old problem

By Kenneth Gooding, Motor Industry Correspondent

SOMEONE wished Graham Day, the Rover Group chairman, "good luck." Mr Day smiled ruefully. "I need more than that. Give me your prayers."

Mr Day has been putting the finishing touches to the Rover (formerly BL) corporate plan — it was delivered to the Government yesterday — and he is clearly aware of the many commercial and political pitfalls ahead. He moved to the group only eight months ago with no motor industry experience but a reputation for handling politicians—an attribute which should not be undervalued; ultimately Rover's direction will be decided not by its management but by the Government. But for the moment the question is starkly this: can Mr Day start *to reverse Rover's seemingly* endless decline? In November, the company recorded its lowest-ever share of the UK car market — just 12.76 per cent.

So far, Mr Day has kept his strategic cards close to his chest, but since arriving as chairman and chief executive in May he has lived up to his reputation as a manager who thinks hard then acts quickly.

Mr Day is aware of the commercial pitfalls ahead

The underlying objective remains the one stated in the April annual report: "The return of all the constituent businesses, either together or separately, to the private sector as soon as practicable."

Mrs Thatcher felt that the previous Rover management team was dragging its heels on this score. Not so Mr Day. He has confirmed the former management's decision to sell a majority shareholding in the Unipart spare parts business to a group of financial institutions, and that Leyland Bus will be the subject of a management-led buy-out.

He has given the go-ahead for the disposal of Istel, Rover's computer services company; JRA, its Australian subsidiary; and Llanelli Radiator, a components producer which does not rely solely on Austin Rover for its business.

Earlier this month Mr Day also announced that he had found two potential partners for Leyland Trucks. Land Rover, the centre of a political row which stymied an earlier merger plan between Leyland Trucks and General Motors of the US, will be retained for another two or three years, when it might then be in good enough shape to be floated on the Stock Exchange.

Since Rover is destined to be a much smaller group Mr Day has felt able to dismantle the old management structure that *split it into two divisions*—cars and commercial vehicles—bringing control back to the centre.

This structure suits his hands-on management style. He is chairman of four of the six companies into which Rover has been split: Austin Rover, Leyland Trucks, Freight Rover and Land Rover, assisted by a managing director in each case. Some argue that the six senior executives who have left Rover and Austin Rover will be sorely missed.

"Every time managerial changes take place in the company good people are given more and more to do. The management talent is now spread thinner than ever," says Garyl Rhys, Professor of Motor Industry Economics at the University of Cardiff.

With a handful of ex-British Shipbuilders executives, some promotions from within Rover and a finance director head-hunted from Chloride, Mr Day has moved with a small team from the group's headquarters in Uxbridge to offices near Victoria in central London. The two key Austin Rover appointments—Mr Les Wharton as managing director and Mr Chris Woodwark as commercial director—were both made from Leyland Trucks and are designed, in Mr Day's words, to bring "more commercial punch" to Austin Rover.

Mr Day insists that Rover's problems are no longer industrial relations, productivity, investment, design or manufacturing technology, or even new models—but profitability and customer satisfaction.

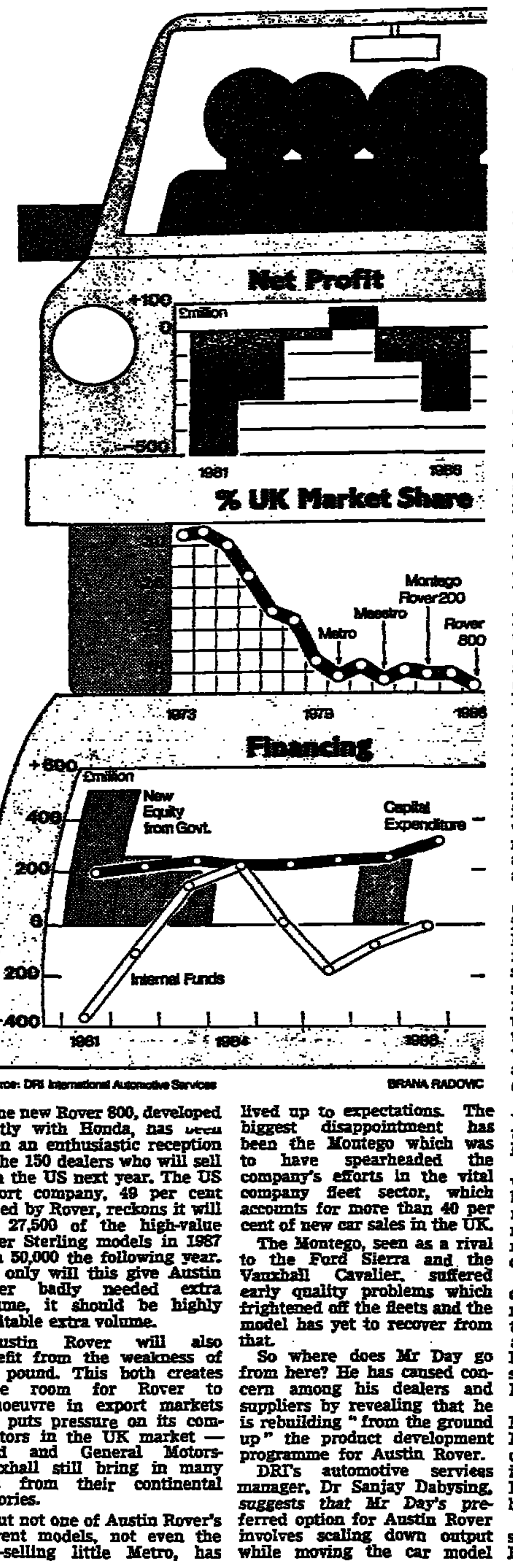
"My task is to introduce the business and profit dimension on top of the advances which have already been made in other areas," he says. If there is a model it is, perhaps, Marks and Spencer, whose skilfully managed links with customers and suppliers Mr Day much admires.

But these changes have been occurring against a deteriorating financial and commercial background. For the six months to June this year, Rover's turnover fell marginally to £1.1bn but the pre-tax loss jumped from £42.6m to £118.9m.

According to an analysis by the DRI forecasting group in conjunction with the Motor Industry Research Unit at the University of East Anglia, Rover will need £250m during 1987 to add to the £2bn of state aid received since 1975. The Government has hinted that it will provide some cash, probably in the form of another equity injection.

The main cause of the financial problems has been Rover's weakening hold on the UK car market. Although the November market share—aggravated by the uncertainties caused by Mr Day's management changes—was untypically poor, the 16 per cent year-end tally compares with 18 per cent in 1985. UK unit sales this year will be down from 324,000 in 1985 to about 296,000.

Against this, Mr Day does have some positive factors to report. The company has had its best year since 1979 in con*tinental markets, thanks* to the effort made to strengthen the dealer network there and the availability of new models.



Source: DRI International Automotive Services BRANA RADOVIC

The new Rover 800, developed jointly with Honda, has been given an enthusiastic reception by the 150 dealers who will sell it in the US next year. The US import company, 49 per cent owned by Rover, reckons it will sell 27,500 of the high-value Rover Sterling models in 1987 then 50,000 the following year. Not only will this give Austin Rover badly needed extra volume, it should be highly profitable extra volume.

Austin Rover will also benefit from the weakness of the pound. This both creates more room for Rover to manoeuvre in export markets and puts pressure on its competitors in the UK market — Ford and General Motors-Vauxhall still bring in many cars from their continental factories.

But not one of Austin Rover's current models, not even the best-selling little Metro, has lived up to expectations. The biggest disappointment has been the Montego which was to have spearheaded the company's efforts in the vital company fleet sector, which accounts for more than 40 per cent of new car sales in the UK.

The Montego, seen as a rival to the Ford Sierra and the Vauxhall Cavalier, suffered early quality problems which frightened off the fleets and the model has yet to recover from that.

So where does Mr Day go from here? He has caused concern among his dealers and suppliers by revealing that he is rebuilding "from the ground up" the product development programme for Austin Rover.

DRI's automotive serviees manager, Dr Sanjay Dabysing, *suggests that Mr Day's* preferred option for Austin Rover involves scaling down output while moving the car model range up-market.

If Mr Day followed such a route, he would stop production of the Mini and run down output of the Metro and Montego. That would concentrate effort on the new Rover 800 series, to give Austin Rover an executive-prestige image on the continent as well as in the US.

The AR8, the model being developed jointly with Honda to replace the Maestro and Rover 200 series late in 1989, would be a sporty, high-performance car, says Dr Dabysing.

However, as he points out, this policy would inevitably result in the closure of a car plant, possibly South Works, Cowley, and could pose a threat to Austin Rover's 1,400 dealers and the supply industry because the company's annual car production—465,000 last year—would fall to between 215,000 and 300,000.

The Government, with an eye on marginal Conservative seats in the Midlands, seems to have ruled out this option.

Mr Paul Channon, the Industry Secretary, told the Commons recently: "In respect of Austin Rover, I should like to take this opportunity to emphasise that I expect Mr Day's (corporate) plan to set out a positive course for the continuation of the company as a major producer and leading exporter of cars made in Britain."

Professor Rhys believes Mr Day will want to implement the policy previously outlined for Austin Rover by Sir Michael Edwardes (chairman from 1974 to 1977) but so far never put into proper effect: to put extra value into every car built to make it different enough to fit a niche in the market and so attract a premium price.

In the past Sir Michael's concept was overshadowed by more immediate needs as Austin Rover concentrated on renewing its entire model range, from the smallest to the largest, in only six years. At the same time the management team was having to rationalise production facilities, improve the UK dealer network and prepare the way for a hoped-for sales revival in continental markets.

It is open to some doubt whether Mr Day has the time or the products to put the Edwardes concept into effect.

Apart from the hatchback version of the new Rover—to be called the Rover 800—due next year, Austin Rover has nothing in the way of new models until the end of the decade.

Altering the specifications of current models to make them more distinctive and changing the way they are advertised and promoted may not take long, but would that truly be sufficient to re-establish Austin Rover's image?

The second plank in Sir Michael's policy was for Austin Rover to share costs by co-operative ventures, most importantly in association with Honda. Mr Day can cantinue to *build on that.*

Recently Austin Rover started assembling Honda Ballades on a sub-contract basis; the Japanese company will sell the cars through its own UK dealer network.

The UK content of the cars will be high enough for them to be "British" and they will not be counted as part of Honda's quota under the terms of the unofficial agreement which limits imports of Japanese cars to the UK to 11 per cent of the market.

It is widely rumoured that the Government would like this production deal—which starts with Austin Rover producing about 4,000 cars a year—to be greatly enlarged to help fill the UK company's capacity, now about 750,000.

Government officials also suggest Mr Day would like to cement the relationship between the companies by Honda acquiring up to 20 per cent of Austin Rover, after the UK company's balance sheet was suitably cleaned up.

However, this pressure comes at an embarrassing time for Honda, which this year will suffer a substantial decline in earnings because of the rise in the value of the yen against the dollar—it sells more cars in the US than in Japan.

The only assumption which can be made with any confidence

Honda's top management is *thought to be divided about* an equity link with Rover: those opposed argue that Honda already seems to be getting all its wants from the Austin Rover association without any shareholding.

In the short parliamentary debate on Rover at the beginning of this month, however, Mr Channon carefully avoided saying anything which might be construed later as a denial when asked about the possibility of Honda taking over Austin Rover.

Mr Channon went out of his way to stress, however: "The Government's aim is to secure the best possible future for Austin Rover, its suppliers and the motor industry generally in this country."

These words of comfort were a far cry from the disparaging remarks made by Mrs Thatcher and some members of her Cabinet during the acrimonious debate about the future of Rover at the beginning of this year, when the Government was forced to back away from talks which might have resulted in Austin Rover being bought by Ford.

There seems little prospect of those talks being renewed. As Prof Krish Bhaskar, who heads the Motor Industry Research Unit at the University of East Anglia, suggests: "It is more likely that Mr Day will want to be able to demonstrate his ability and flair by turning Austin Rover round." That is probably the only assumption about Mr Day's new plan which can be made with any confidence.

Men and Matters

Science in the dock

Richard Owen, managing partner of Touche Ross Management Consultants, is taking on two new, and wildly different, jobs.

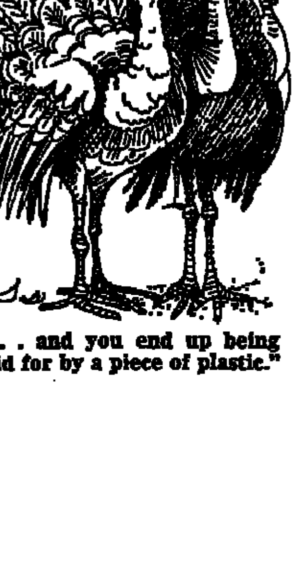
He is the new chairman of the Management Consultancies Association, representing the 30 leading consultancies practising in Britain.

And as "something completely different" he is heading a Home Office-backed review of scientific support for the British police forces (outside the London Metropolitan police) which must report by early next summer.

The British forensic service, which used to be acknowledged the best in the world, has been running into difficulties. It employs some 500 people on the scientific side, and as many again on the fingerprinting service. The Home Office, and the 43 client police forces have started asking whether they are getting proper value for money from the seven provincial forensic laboratories in the service.

Owen says his job is to conduct nothing short of a "fundamental review." In that prospect he has the blessing of both the Government and the Association of Chief Police Officers. His review team will be economical in its make-up, consisting of three senior policemen and three leading forensic scientists, together with two Touche Ross consultants.

The police are laying more weight than ever before on the usefulness of forensic methods. Owen explains it thus: "Police chiefs say they would rather have one more forensic scientist than two more policemen."



". . . and you end up being paid for by a piece of plastic"

Home run

The appointment of Christopher Kemball as joint managing director of Dillon Read Ltd, UK affiliate of the US investment bank, brings back to London another British high-flier on the New York financial scene.

Kemball, also named a managing director of the parent company, will run Dillon Read Ltd in tandem with Lorenzo Weisman, its incumbent American managing director. The UK company, owned jointly with Societe Generale de Belgique, has a strong place in European corporate finance, concentrating on transatlantic deals.

The aim is to build up its currently modest role in the UK. The expertise of the US parent in leveraged buyout funding, through its Saratoga Fund, is already bearing fruit in Britain where Dillon is joining with Charterhouse Group to raise £100m for leveraged buyout ventures.

Kemball's return may cause some officials at the Treasury to rub their shins ruefully. For, in his previous job in New York as vice-chairman of Kleinwort Benson's US operations, he kicked angrily against the chancellor of the Exchequer's Budget proposal to introduce a 5 per cent levy on UK shares registered as American Depositary Receipts. In a rare example of ministerial rethinking, the levy was finally set at only 1.5 per cent.

Fairy potions

Scientists who have been entering into the spirit of the season by reading fairy tales have discovered enough exotic chemicals to start a branch of Boots.

A "Ferie Pharmacopoeia" published by The Pharmaceutical Journal, and the work of doctors Peter and John Gwilt, catalogues 24 substances with uses ranging from love potionsto fairy repellents.

Fairies, it appears, work their spells mainly through food and drink. Accepting their hospitality is usually disastrous for mortals. Rip van Winkle, plied with liquor in the Catskills, slept for 20 years, a warning of the dangers of accepting too much hospitality.

Even meeting fairies is said to be risky. It can precipitate such troubles as elf-lock—when one's hair mats into a tangle. Our scientists report that this distressing condition can be cured by Carduus Benedictus—better known as thistle seeds.

There are other antidotes for fairy pharmacological tricks causing itches, stitches, and cramps. St John's wort is recommended. But verbena and ground ivy are said to be efficacious too.

The arch tellers of fairy tales, the Brothers Grimm, preferred violence to the subtlety of chemistry, however. Our researchers found that poisoning occurs in only two of their tales — although in one case the poison did get into a stew and slaughtered 14.

A firm that thinks fairy tales might help sell its herbal teas sent me tea bags for Christmas. If all else fails you might try a special tea containing honey lotus which, it claims "strengthens the memory and comforts the head and brain."

TV game

Patrick Whitten, managing director of CIT Research, has a bit of a reputation as a Jeremiah in the new media of cable and satellite television. Whitten charges the optimists of the new industry quite sizable amounts of money for erudite studies which tend to prove that it will take much longer than they think to break even.

This month, for instance, he warned the winners of Britain's DBS (direct broadcasting by satellite) franchise that if things go just a little awry, the deficit could easily mount to £1bn. It is a forecast that must give BSB (British Satellite Broadcasting), in which Pearson, publisher of the FT has a stake, pause for thought.

But Whitten has a sense of humour. And to give all the satellite entrepreneurs something to stop them biting their nails over Christmas, he has devised the Great Satellite Game which he has sent to just about everybody in the industry.

The hazards of establishing satellite television are well represented. If you throw a six you land on: "EEC sets up satellite task force—abandon game."

Or you can run into "Cable Authority approves your plan—go back 10 spaces." Or later "The BBC joins DBS venture miss five turns and pay $100m in legal fees or go to jail."

Whitten's game ends on a square proclaiming: "CIT optimistic on DBS — End Game It's been going on too long."

For BSB, the end game is still four years and £500m away.

Advice note

Stockbroker to doctor: "Doctor, I've got a temperature o' 102. What should I do?"

Doctor: "I don't think its serious. But if it goes up to 105, sell."

Observer

Letters to the Editor

Politicians, employment, nerve and bold initiatives

From Mr R. Hammond-Chambers

Sir,—Michael Prowse made a good point (December 12) about politicians losing their nerve, finding themselves unable to propose and carry through the sort of bold initiatives necessary to reduce the seemingly intractable and appalling dole queues in Europe; but surely he is wrong to infer that Mrs Thatcher's Government has lacked the courage to act on new ideas.

I must take issue with his suggestion that some rehash of yesteryears bold failures, namely Government's controls on wages (and then inevitably, though not mentioned, prices, rents, etc) would rectify the situation for it would merely be treating the symptoms, not the causes of the problem. Just as democracy is the least bad of all political systems, so private markets are the least imperfect of all systems that allocate economic resources. Just as there are serious consequences of forsaking democracy, so there are also serious results of government interference in the economy; most importantly we are suffering the worst of them at present — the long dole queues.

Our current unemployment, both in Britain and in Europe, stems from a number of events from the past, the most significant of which has been price and wage controls. From 1966, when controls were introduced in Britain by Harold Wilson's Government, unemployment grew from approximately 300,000 to approximately 1.2m (a four fold increase) when they were finally removed by Mrs Thatcher's Government during its first year of office. There is no question of doubt but that increasing competition has brought about a much needed increase in the work ethic and efficiency of the British productive economy and the consequence has been the loss of hundreds of thousands of politically induced but uneconomical jobs. The process of producing an economic turnround for Britain necessarily involves a change of job for many people and unemployment results while it happens.

In time, sadly a quite extended period of time because of the time controls were in force, the unemploying of uneconomical jobs will fall below the number of new productive jobs being created and unemployment will begin to fall. Again sadly, the cure is painful but it is the sound approach to producing high levels of long term employment. It took great courage of Mrs T's Government to start down this road and at the time was considered, at the very least, a bold course of action because of the intermediate consequences.

R. Hammond-Chambers.
1 Carlotte Square,
Edinburgh.

Agricultural reform in the EEC

From Sir Henry Plumb, MEP

Sir,—Your excellent editorial (December 17) on CAP reform correctly analyses the various pressures that have been brought to bear on the council, resulting in the historic reform package in the dairy and beef sectors.

The European Parliament's influence for reform of this type has in the past been, as you rightly point out, erratic.

Last year for the first time, the Parliament's report on the farm prices showed not that the long domination of the "farm lobby" was over, but that the farm lobby itself had become convinced of the need for radical reform.

Conservatives in the European Parliament have played a crucial role in this process ever since 1979, and I might modestly point out that the "Plumb Report" of 1981 put down many of the markers for the present field of CAP discussion.

In the week ending December 13 the British Council presidency was in difficulties over allegations that the London summit agenda had been "fixed" for agreements. Mrs Thatcher was particularly criticised in the domestic and Continental press, as well as by many speakers in the European Parliament.

The dairy and beef decisions are the perfect answer to this criticism. The British Government has grasped the nettle of CAP reform, and sustained Conservative pressure in the European Parliament has contributed substantially to this success.

(Sir) Henry Plumb.
2 Queen Anne's Gate, SW1

Reindeer delivery service

Frfom Dr R. Brown

Sir,—Michael Prowse ("Reindeer shortage in Oxford Street," December 18) could hardly have got it more right. There are three further points he could have mentioned.

The first is opening hours or, rather, "closing hours" not only on Sunday (bad enough) but during the week. Late shopping until 7 or 8 is almost as gruesome as the Christmas rush. Why do the stores not open at, say, 10 and go on to 9, with the staff working in two shifts?

The second is refreshments. Apart from stores' own facilities (usually mobbed) and pubs (generally dreary and limited even when open), there is a paucity of places to have a light lunch or a snack in reasonably civilised surroundings.

Third, staff. Encountering Saturday staff is in itself a disincentive to shop. When I protested to the manager of a well-known, and up-market, men's outfitter that I had received poor service from a Saturday "casual" I was told that his experienced staff do not work at weekends, because so many come to look rather than to buy. The thought that this might be an opportunity to sell things had evidently not occurred to him.

I cannot understand why Britain is said to have an efficient retail sector.

(Dr) R. J. Brown.
115 Ashley Gardens, SW1.

Market for opposed takeovers

From Mr M. Taylor

Sir,—Mr Edgar Palamountain's diatribe (December 16) against all contested takeovers makes for rather odd reading. He seems anxious to prevent the small investors, whom he claims to represent, from getting the best price for their shares. Having persuaded them of the advantages of investing in the equity market he now suggests they should be locked into those companies whose managements fail to perform. Such investors would be unable, if they wished, to sell to another company that believed it could do better with the business in question if that business's management would not agree.

The market for opposed takeovers is much about which management team should manage a company's resources. Why should competition in this field, of all fields, be restricted. Such offers give the opportunity for corporate assets to move more quickly to their most valued use; surely a worthwhile objective.

Hanson Trust itself has made more than a few successful opposed takeovers both here and in the United States, has always encouraged the small investor and has from its very beginning sought to ensure that managers (who are left alone to run their companies) become, wherever possible, shareholders so that they might make their business decisions with the shareholder very much in mind.

A shareholder who invested £100 in Hanson Trust in 1964, took up rights over 22 years costing £8,900, today has an investment worth some £70,000. We now have 165,000 shareholders, more than 10 times the number in 1978, since when earnings per share have increased more than eight times. Hanson Trust, for one, does not believe that either its small or large investors have been ignored.

Martin G. Taylor,
Hanson Trust,
180, Brompton Road, SW3.

Nuclear power simulators

From the Public Relations Officer, South of Scotland Electricity Board.

Sir,—Mr G A H Watts (December 16) is quite correct in his suggestion that the "watch-keepers" on nuclear power stations should undergo testing and training on simulators in the same way as pilots of Boeing 747 and other aircraft. He says that it is only by repeated training and testing of nuclear station operatives that he can ensure that no emergency can occur which cannot immediately be coped with.

It is for that reason that the South of Scotland Electricity Board has for some years now been operating a highly sophisticated £4m computer-controlled simulator for our Advanced Gas-cooled Reactor power station at Hunterston in Ayrshire and it is for that reason that we have built an equally sophisticated simulator for our new AGR station now being completed at Torness in East Lothian.

A minimum of four times a year the AGR staff at Hunterston do full simulator training and testing in which their ability to cope with a wide range of conditions fed into the simulator is assessed. On average, the control room "desk drivers" spend about 60 hours a year on the simulator—probably a lot longer than the Boeing pilots in whom Mr Watts has such confidence. During that time the operators are not only refreshing their knowledge on how to deal with emergencies but also learning how to improve reactor performance.

Those who will be in charge of the Torness control room when the station begins to operate are similarly receiving intensive simulator training.

James McGuire,
Cathcart House,
Spean Street, Glasgow.

Keep Private Eye going

From the Chairman, Prowting Holdings.

Sir,—John Lloyd's excellent article (December 13) makes one wonder if the outcome of the Maxwell case against Private Eye is a lesson from heaven or a bell from hell. I have a great deal of sympathy for those from all walks of life whose names appear in the Eye, often, I think, without justification. I have no idea into what classification the readership of 240,000 breaks down but from those in industry that I have talked to in the past most of them seem to like to read the Eye because there is no smoke without fire, quite apart from the fact that some of the items do no harm to anyone and are quite amusing.

Mr Lloyd makes a very good point in his final paragraph and for this reason alone I hope the Eye will be able to regain some of its former vigour which certainly would not be the case if the news and gossip is toned down as he suggests. Subject to outlets remaining unblocked future circulation will no doubt give many readers the answer they may seek.

P. B. Prowting.
Bury Street,
Ruislip, Middlesex.

No need to leave the country

From Mr P. Ellerton

Sir,—Mr J. Paton (December 18) is only half right. It is true that to enter the departure lounge and use the duty-free shop one has to have an airline ticket. Having done so, however, it is quite possible to pass through the inboard customs and passport control and use one's ticket on another occasion.

P. M. K. Ellerton.
Old Vicarage,
Lewknor, Oxfordshire.

Mercantilism, aid and mixed credits

From the Director, Export Group for the Constructional Industries

Sir,—There are a remarkable number of errors in Christian Tyler's piece about aid and mixed credits, starting with the headline "Mercantilism costs money" (December 15), a statement about which I am sure the world's most successful mercantilists, the Japanese, would be glad to learn more as they prepare to receive the remains of the British motor-car industry from a generous and avowedly non-mercantilist British Government, which if past form is anything to go by will probably pay them to take it.

The reason that the Government (fortunately for us all) has not adopted policies based upon the now almost forgotten report by the group of civil service economists under the chairmanship of Ian Byatt of the Treasury is that far from the report being a "demolition job" it was the report itself which was demolished; their "alarming cost calculations" were shown to be based on the usual kind of unsubstantiated assumptions which we are accustomed to hear about from the Treasury, rather than on empirical data. There was also a fair mixture of polemic, typified by describing aid to developing countries as "subsidies to exporters," or in Christian Tyler's words "handouts."

The fact that some French economist has found in French aid policy something contentious to write about changes nothing; one would be hard put to find anyone less competent to pronounce upon whether "the wrong industries were exporting the wrong products to the wrong markets" than a professor of economics, unless it were a civil servant or a politician. Incidentally, if I remember correctly, the Japanese are significant contributors to the Trade Policy Research Centre which has published the professor's pamphlet.

As for the discussion at the Organisation for Economic Co-operation and Development, it is the Japanese who are refusing to change the rules, and why should they, since the rules might have been written specially for them? It is Britain with its very low aid budgets coupled with high interest rates which finds the concessionality rules working against its international contractors. This makes it very difficult to challenge the Japanese in contracts for large projects in third countries, since they have endless amounts of money to spend in aid, loans and investment (topped up by UK contributions to persuade them to build motor-car factories in Britain) and are the people able to get very great leverage out of the present system.

The reality is very simple, perhaps too simple for the fancy intellectualism of some economists. The countries of the Third World are desperately in need of aid to enable them to bring their economies within sight of sustaining their populations. They depend upon the developed countries to a large extent for this aid. Most developed countries have shown a willingness to help, but Britain is a poor contributor both as a proportion of GNP and (because of a slow growth in our GNP) in absolute terms. *This is not only mean but short-sighted.*

Developing countries need to have things done in their countries. On the whole they need more economic advisers like a hole in the head, and what they need are engineers and managers. Britain (and other developed countries) has such people, and since we cannot even work out the economic value of infrastructural works in our own countries, largely due to the activities of another bunch of economists, they are not over-employed. It would be sensible to put demand and potential supply together.

Developing countries are not only denied what they need, but their own relatively scarce economists and technologists are tied up in dealing with endless inquiries and contacts from some donors. At the end of the day many if not most of the economic assessments made by the people who call themselves development economists are worthless, as a close study of the literature will show. Relatively crude judgments by skilled people can establish a ranking order for projects which is perfectly usable if not interfered with too much by geopolitical or sociological (not to say nakedly political) interventions. The Dutch are the latest country to turn down the wick on feasibility studies and concentrate upon real works.

What can be calculated is the value of aid-supported business to the donor country in terms of jobs and in revenue due to the resulting increase in GNP. This does not require any knowledge of econometrics, but only of arithmetic. There are several such studies around, ranging from the general to the particular. None of these figures have been challenged, but the argument is diverted on to supposed interactions in the economy based upon the same kind of assumptions (but dignified and mystified by being incorporated into the inner obscurities of equations in the Treasury Model) as underlay Ian Byatt's committee's paper. Then after a decent lapse of time someone is found to start up the whole argument again as if nothing had happened.

The Government must be given credit for having dealt with some aspects of the anti-competitive environment facing British contractors, notably in introducing a soft loan facility and having permitted a useful degree of flexibility in the management of the aid and trade (ATP) budget this year. The signing of a co-financing framework agreement with the World Bank may also be very helpful in concentrating British expertise as well as British money in ways which are most productive, but this will depend upon the management of the agreement on the British side. The fact that many people think that there is a great deal more which they could do does not qualify our thanks that they have looked at the realities and have done what they have.

I doubt if the French are stupid enough to pay attention to the professor, especially if he is writing from London. Meanwhile, the great mercantilists, the Japanese, will continue to see that all trade rules are designed to suit them, and it is hard to spot anyone likely to stop them.

Peter McGregor,
15-17 King Street, SW1.

UK HOUSE PRICES

Sending the wrong signals

John Muellbauer's article "How house prices fuel wage rises," which appeared on October 23, has provoked heavy correspondence. Here he responds to some of the points raised in the ensuring debate.

THE CRITICS of my article on house prices and wage inflation have focused mainly on the policy implications. One premise in my argument was that wages would perform their allocative function more efficiently and with less inflation if lower relative house prices and higher average vacancy rates for rented and owner-occupied accommodation could be induced in areas of high labour demand. The other premise was that lower average house prices would slow wage *inflation and curb the consumer* boom.

I am surprised that not one correspondent has mentioned the first of my two alternative suggestions for the tax reform of owner occupation: the introduction of a tax on imputed rent. More on that later. My critics concentrate their concern on the second reform possibility, the phasing out of mortgage interest tax relief. Their most important criticism is that this could have the opposite of the intended effect on regional house price differentials, since the £30,000 limit on mortgage interest tax relief represents a smaller proportion of the price of a house in London and the south east than in the cheaper regions.

However, it is plausible that it is the absolute, not the proportional effect that matters. I still believe that house prices in London and the south east would fall by larger absolute amounts *and probably by bigger* proportions. My reasons are as follows: the speculative bubble has been most inflated in London and the south east and pricking it should therefore lead to the biggest falls there; the proportion of the *stock* of mortgages below £30,000 is much higher in the cheaper regions; higher rate taxpayers lose disproportionately, and these are more likely to be found living in expensive houses and regions.

There are policies which focus more sharply on regional average vacancy rates for rented differentials. Giles Keating *is* surely correct to *observe* that the elimination of mortgage interest tax relief for higher rate taxpayers with a compensating reduction in higher tax rates would be wholly unambiguous in narrowing regional house price differentials.

It is possible that even such a mild reform would be sufficient to burst the house price bubble in London and the south east and allow at least a small deflation to a more sensible structure of prices. He is surely also right to argue that recent first time buyers would do better under this proposal than under a blanket phasing out, even if done very gradually, of all mortgage interest tax relief.

However, in the longer term, I do not think the Keating reform goes far enough. In addition to the inflation and other macroeconomic problems associated with the house price boom which tax reform would do much to correct, there are serious micro-economic inefficiencies caused by the current tax code *as it affects owner* occupation. It almost certainly leads to an inefficient use of the current housing stock with endemic under-occupation. This problem is particularly acute among older couples and those whose children have departed, but who do not move to more appropriate accommodation because the real economic return on staying is so high — and do not rent out any of their space because of the current tenancy legislation.

The distorting effect on other economic decisions is surely important too. At the margin, a small entrepreneur deciding whether to plough £100,000 back into the business or to move upmarket to a more expensive house compares the prospective capital gains or profit tax on his business gains with the lack of such tax on housing. The less generous depreciation allowances now prevailing also tend to make the plough-back option less favourable.

That is why serious attention should be focused on the first of my reform proposals: to introduce a tax on the imputed rent on houses while maintaining some system of mortgage interest tax relief. It is quite unambiguous in its effect on regional house price differentials. It would provide a permanent corrective against the tendency of house prices to destory the incentive to relocate that wage changes can provide.

It is also less distortionary, as John Kay and Mervyn King argue, in that houses would then be treated more like other assets. But this would be accomplished without losing a good *feature* of the current system, which is that the effective rates of interest on borrowing (dominated by mortgage borrowing) and on lending are similar. This similarity avoids distorting savings and investment decisions.

The tax I have in mind can be *made relatively simple* administratively, and avoids many of the objections to the current system of local authority rates as well as to the old "Schedule A" tax on imputed rent abolished in 1962. Indeed, it would offer the opportunity to reform at the same time the present system of local authority finance. I propose that imputed rent be proportional to the current market value of the house (or houses) owned. Imputed rent would simply be added to earned income as part of total taxable income. Overall tax rates would, of course, be reduced in compensation.

One important objection to the existing local authority rates arises because of the different rate per pound charged by different authorities. This, it is widely believed, has perverse consequences for economic location decisions and contributes to the cumulative decline of regions and localities. Another objection to rates and to the old "Schedule A" is that rateable values involve too large an arbitrary element, in part, because *properties are valued.*

To get away from these defects, it would be better to base house valuations on historical purchase prices, repriced using the Department of the Environment's mix-adjusted regional house price indices, available back to 1968. For the now small proportion of properties that could not be valued in this way and to advise on valuation appeals, the Inland Revenue would consult existing district valuers.

There are other policies that would help to loosen the restrictions which our ill-functioning housing market is now imposing on the labour market and the rest of the economy. One is the (to me unthinkable) proposal to abandon the British system of green belts and planning controls. Among the milder policies on offer is to increase subsidies to housing associations to provide sheltered accommodation for old people. *This would release family* accommodation that could house many economically active people.

Finally, I must make it clear that I am not denying that regional house price differentials have a positive role in creating an incentive for employers to locate in less prosperous localities. But so long as experience supports the current expectation that house price differentials will widen further, it is very hard to persuade staff to relocate in this direction.

The expectation of some narrowing of regional house price differentials should have a strongly beneficial effect on regional location. A less distorted tax system would allow both housing and labour markets to fulfil their allocative functions more efficiently.

The author is a fellow of Nuffield College, Oxford.

FINANCIAL TIMES

Tuesday December 23 1986

PROSPECT OF HIGH YIELDS SPARKS GROWING TASTE FOR REAL ESTATE

Japanese yen for US property

BY IAN RODGER IN TOKYO

PERHAPS the Japanese have misunderstood the incessant demands from US trade officials in recent months that they increase their imports. These days it seems that instead of buying American, the Japanese are buying America.

In the past two weeks alone, Japanese property companies have committed themselves to more than $2bn worth of purchases in the US, including a $1.2bn housing and recreational development in California planned by Mitsubishi Estate, Japan's largest property company.

Other recent deals include the purchase by Hawegawa Komuten, a condominium builder in Japan, of a 12-storey office building adjacent to Los Angeles Airport, for $30m, and the acquisition by Orient Finance, a consumer credit company, of a 22-storey office building in the Crocker Center in San Francisco, for $75.3m.

According to the US Department of Commerce, the Japanese have already surpassed the British as the largest foreign investors in US real estate. Their total purchases this year may reach $6bn, more than treble last year's $1.6bn. Moreover, if present exchange and interest rate trends continue, the volume of Japanese buying is likely to go on rising.

Japanese institutional investors and property companies are flush with cash, but have few good opportunities for investment in Japan. US real estate, meanwhile, has two irresistable attractions.

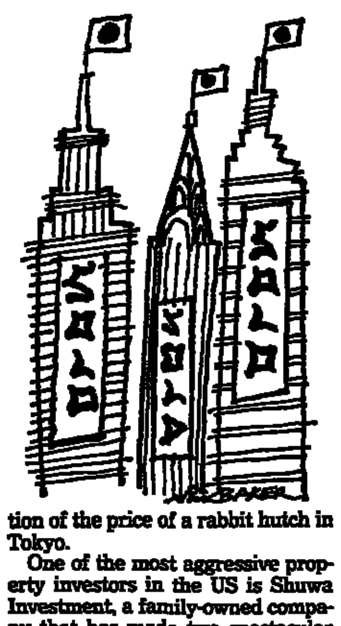
It is cheap. Prices have been depressed, especially in the office sector, because of overbuilding. The slump of the dollar against the yen in the last 15 months has effectively cut the price of all US goods by more than a third for the Japanese.

US real estate almost invariably promises a higher yield to the Japanese investor than he could obtain on comparable quality investments in Japan.

Mr Shoichi Kato, president of Kato Kagaku, a Nagoya glucose maker, says that the yield on a building in Tokyo's glamorous Ginza district would be between 2 and 3 per cent today. By contrast, he expects to obtain between 5 and 8 per cent on the Manhattan building Kato has just bought for $310m.

The Kato purchase shows that this has become a sport that all can play. Kato's main business is making glucose for beer and soft drinks, but the family-owned company has invested its profits in hotels, a bowling alley and now a US office building.

Individuals, too, are getting into the act. Newspaper and magazine advertisements tantalise people daily with the prospect of spacious condominiums in Hawaii for a fraction of the price of a rabbit hutch in Tokyo.



One of the most aggressive property investors in the US is Shuwa Investment, a family-owned company that has made two spectacular purchases this year, of the Arco Plaza in Los Angeles, for $620m, and the American Broadcasting Companys' headquarters in New York, for $174.2m.

Shuwa's president, Mr Shigeru Kobayashi, said in October that the company hoped to invest about $1bn yearly in the US. Shuwa's approach – buying existing buildings – is the preferred route for most Japanese investors. They would rather start earning their yields immediately than risk an adverse movement in exchange rates which could reduce the hoped-for return on a totally new development.

However, Mitsubishi Estate had no such inhibitions when it launched an ambitious $1.2bn housing and resort development near Palm Springs, California, last week. The company said it preferred to invest in balanced developments rather than in existing buildings. Similarly, Mitsui Real Estate, which two weeks ago bought the Exxon building in New York for $610m, also bought a 1.4m sq m site in San Diego County in September to develop into an industrial estate.

Mitsubishi Estate and others would rather do balanced property developments in Japan, where demand and prices are surging. Several huge development projects in the Tokyo area are awaiting local and national Government approval. But the authorities are cautious because transport services and other infrastructures are already overcrowded.

There will be a development boom in Japan sooner or later. Until then, it is difficult to see what will stop the flow of funds into US property.

Cigarette prices cut in UK as cheap imports rise

By Christopher Parkes in London

TWO OF Britain's biggest cigarette companies have cut the prices of their leading brands by up to 5p a pack in an attempt to push up volume sales and limit losses of market share to cheap imports and own-label brands.

The tobacco industry is suffering an unprecedented squeeze, trapped between the UK Chancellor's demands for tax revenue, the forceful anti-smoking lobby, and imports of cheap brands and own-label cigarettes mainly from West Germany.

According to the industry-funded Tobacco Advisory Council, the flood of cheap cigarettes from West Germany and elsewhere in Europe has raised imports' share of the UK market from 0.5 per cent in 1983 to 10 per cent this year – about 3 percentage points higher than in 1985. Some 50 new foreign brands have been launched in the last three years.

This has led to a 16 per cent reduction in the number of cigarettes made in Britain, the loss of six factories and 6,000 jobs, the council told the Chancellor in a submission published last week.

On the other hand, there is a clutch of small, independent British companies which is competing successfully with low-price imports.

The surprise reductions – manufacturers usually increase prices every January – began last Thursday with Philip Morris, the US-owned manufacturer, lopping 5p off the prices of its Marlboro range. Only retailers were told of the cuts.

The recommended retail price of best-seller Marlboro King Size has come down to £1.45p ($2.07) a pack. *Marlboro Lights*, introduced earlier this year, now cost £1.40. The company's Raffles brand is 4p cheaper at £1.40p.

"It is a difficult market, and we are all having to work damned hard," said Mr George Mackin, Philip Morris sales director. "We are having to reduce our margins and if necessary find savings inside our own organisation."

Imperial Tobacco, part of Hanson Trust, has followed quickly with the "relaunch" yesterday of its John Player Special brand in a glossier pack at £1.45p – 5p cheaper than before. It is also marketing a new extra-long JPS cigarette at £1.47p.

The company said yesterday that it expected more price competition next year.

It had relaunched JPS, fifth biggest selling brand in the UK, "to appeal to the cost-consciousness" of the British smoker. It already has a presence at the lower end of the market with the Lambert & Butler brand, which has a recommended retail price of £1.32p.

Since trade margins will be maintained, retailers, already well-entrenched in a price war of their own, are expected to reduce selling prices further. Premium branded cigarettes now selling at about £1.47p a pack may come down to around £1.40p.

Rothman's executives were meeting yesterday to discuss pricing tactics for their range, which includes Rothman's King Size, currently £1.50p a pack, and Dunhill and Peter Stuyvesant, both priced at £1.48p. Similar reduction are likely.

Gallaher, manufacturer of Benson & Hedges and Silk Cut, is also expected to follow suit, although the company refused to comment yesterday.

Unfavourable exchange rates have forced some importers to increase prices. Red Band, a popular West German import distributed by Nurdin & Peacock, went up 2p a pack last week to £1.23p.

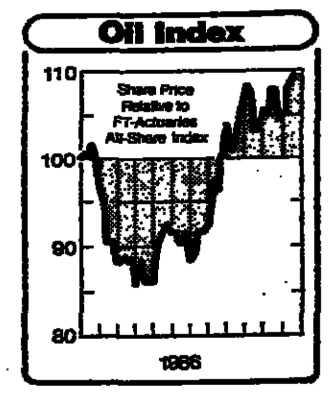
At present, duty and value-added tax account for £1.12p of the price of a pack of UK-made cigarettes selling at £1.50 and £1.02p on comparable imports.

Although the number of smokers in the UK is more or less steady at around 18m, people are smoking less.

THE LEX COLUMN

Seeing is believing

Markets are not known for loyalty. So it is almost touching the way in which they continue to believe in the oil pricing power of Opec, despite all the evidence of the past few years. Opec has declared that $18 shall be the new price, and within hours, Brent actually reaches $18 a barrel – a 23 per cent rise on the price at the beginning of the meeting.



The complex system of differential pricing announced on Saturday was rushed through in one sitting and agreed to keep the Saudis – and in particular King Fahd – quiet. The differentials between crude streams are always changing, and the attempt to cast them in stone merely ensures that, when they are out of line with the pattern of demand, the whole structure will dissolve.

The real point is whether Opec cuts back its output along the lines promised. The new official ceiling is called 15.8 million barrels a day, although for the first time the neutral zone between Saudi Arabia and Kuwait is excluded. This is the equivalent of a company finance director putting a trading loss below the line in order to get a better stock market reaction for some dull results. Here the ruse has succeeded.

If the Opec countries do stick to around 16m barrels a day, then there is a prospect that prices will stay at around $18. Yet in three years of controlling production, Opec has never yet been able to hold to its agreements for more than a short period. If it is seen to renege on this one, and prices begin to fall, then the swollen inventories will start to be unloaded, adding vicious downward momentum.

Hillsdown

Hillsdown's rate of deal-doing at one every 10 or 12 days does not stop for little distractions such as Christmas. But the purchase of a 29.9 per cent stake in Anglo United is out of the ordinary even for Mr Harry Solomon, who has bought some odd businesses in his time. Apart from the chance of some cheap coal to cut its £30m energy bill, Hillsdown appears purely to be making an investment in a wholly unrelated business.

It has enough admirers in the City for this not to be taken as a sign of madness, and who knows, without a miners strike or a collapsing oil price, and with some more cash to invest, Anglo might turn out a good purchase. Indeed, Hillsdown shareholders might even have wanted to buy energy shares themselves. Does that justify Hillsdown doing it for them?

Blue Circle

Blue Circle may not be kindly disposed to all Australians, since Adelaide Steamship started building a stake, but it probably has BHP to thank for setting up an auction of Blue Circle Southern Cement, the business they jointly control.

Yesterday's announcement by Boral, the fast-growing and acquisitive Australian building materials company, of its intention to offer A$573m in cash or more in shares may only be the start of the bidding. BCSC's shares have raced up since the "for sale" board was nailed to the door and is above Boral's offer.

Even at that cash price, although, Blue Circle would get £110m for its 41 per cent stake, which might earn interest roughly equal to the profit Blue Circle took from BCSC last year.

In cash terms it is even better because the dividend received from Australia was only around £3m.

And as the fall in the Australian dollar has reversed BCSC's positive rate of profit growth to make a declining contribution to Blue Circle in sterling, even this price would not be a bad one.

Blue Circle has plenty of scope for spending the money given its dull UK performance lately. That should improve as the new rationalisation programme starts biting.

Either further investment in the US or some diversification might get profits moving again. Even left in the bank, the cash would cut gearing from around 40 to 30 per cent.

But all that might just make Blue Circle yet more attractive to a potential bidder, if that is Adelaide Steamship's plan.

Meanwhile the deal seems to demonstrate the influence the new BHP directors, especially Mr Robert Holmes à Court, are already having. Getting out of peripheral businesses and reinvesting the cash is just one part of a more aggressive BHP.

TSB

For the wave of small shareholders created by the Government's latest offers for sale, perhaps the most compelling stock market statistic is the differential between the British Gas and TSB 50p partly paid shares. TSB was supposed to be the stock market equivalent of the free lunch, whereas the pricing of British Gas had the grey marketeers at one point suggesting no premium at all. Yet now the differential is less than 10p with Gas strong at 84½p, while TSB yesterday managed a rare gain (of ½p) to 73½p.

There are few signs that the TSB price will stage a recovery, despite the fact that the institutions are substantially underweight. No one should read anything into the TSB part paid opening price of 102p, other than that index funds were attempting to buy their entire weighting in the first hour of the share's life. The slow dribbling down from the closing first day price of 85p is quite similar to the kind of post-flotation blues that affected Abbey Life, and British Telecom. It is also realistic. At the current price TSB is on a multiple of almost 9 times prospective earnings, while the UK clearers, with more exciting returns on equity, are on multiples of around 5. TSB was seen as an asset give-away, but at 73½p the discount to net assets is only 7 per cent. And with a bar on shareholdings of over 5 per cent, assets are hardly a solid floor for the price!

Paribas profits reach FFr 1.8bn

By George Graham in Paris

PARIBAS, the French banking group, has published its half yearly results for the first time, in preparation for its privatisation next month.

Compagnie Financiere de Paribas, the group holding company, recorded net profits of FFr 1.8bn ($273.9m) in the six months to June 30, compared with FFr 2.7bn in the whole of 1985. Excluding minorities, net earnings were FFr 929m, compared with FFr 1.3bn in the whole of last year.

The figures are contained in a document due to be published by *the French Stock Exchange com*mission this week in connection with the flotation of Paribas, due to take place in January.

Operating profits within the group total amounted to FFr 1.1bn in the first half of 1986, or FFr 486m excluding minorities, compared with FFr 2.2bn in the whole of 1985. Portfolio profits and capital gains totalled FFr 749m, or FFr 443m excluding minorities.

Paribas is the second company to be floated in the French Government's privatisation programme and the first in a series of banks to be sold off over the spring of 1987. It *will be followed in the second quar*ter by Credit Commercial de France and by the much smaller Banque du Batiment et des Travaux Publics, Banque Industriele et Mobilière Privée and Société Générale Alsacienne de Banque.

● Bouygues, France's largest con*struction group, yesterday blocked* a proposal by Spie-Batignolles, a rival civil engineering and construction concern controlled by the French Schneider group, to increase its capital, Paul Betts in Paris writes.

Bouygues recently acquired a 33.9 per cent stake in Spie-Batignolles, giving it minority blocking votes in its rival.

The leading French construction group disclosed last September it had acquired a 10 per cent stake in Spie, which it subsequently increased to 33.9 per cent, paying about FFr 830m for the blocking stake.

Schneider, which owns about 60 per cent of Spie, has so far sought to fend off Bouygues' efforts to bring the two construction groups closer.

European Commission considers sale of non-copiable records

BY DAVID THOMAS IN LONDON

PROPOSALS being considered by the European Commission would mean that buyers of records and music cassettes would have to choose between versions incapable of being copied at home and more expensive versions which could be copied.

Revenue from the surcharge on copiable records and cassettes would be paid to music copyright holders.

The idea is one of several being studied by the commission in the wake of the breakdown 10 days ago of talks between Japan and its western trading partners about a new audio system, digital audio tape (DAT), which the music industry in the US and EEC believes threatens its survival.

Digital audio tape will allow almost perfect music reproduction, using cassettes smaller than compact discs. The Japanese have already exhibited combined compact disc-DAT players, which the western industry believes will encourage consumers to copy music from compact discs.

The industry has been urging the Japanese to fit anti-copying devices, known as spoilers, to DAT machines and tapes, but this was rejected by the Japanese manufacturers in talks at Vancouver, Canada, 10 days ago. It has also sought EEC and US legislation to enforce the fitting of spoilers.

DAT machines are expected to be launched in Japan in a few months and may be on sale elsewhere by April.

The issue will be the subject of an EEC green paper early in the New Year which will cover other copyright issues, including the broad question of home taping.

The proposal for selling records and pre-recorded cassettes in two versions, copiable and non-copiable, would help deal with the loss of revenue to music companies copyright revenue from home taping, as well as the specific threat perceived from DAT.

The 'two versions' idea has already been aired in Washington. It is seen as having the virtue of preserving consumer choice, while also helping assure that revenues from copiable records and tapes accrue to the holders of the musical copyrights.

However, it is not clear whether the proposal would face insuperable commercial or technical problems. It may also conflict with existing laws on home taping in some EEC countries.

The music industry in both the US and the EEC says it is too soon to judge what attitude it would take to the idea.

Boral bids for Blue Circle subsidiary

BY JOAN GRAY IN LONDON

BORAL, Australia's leading building products group, has made an A$573m ($383m) takeover bid for Blue Circle Southern Cement, Australia's largest cement manufacturer.

Blue Circle Southern is owned 41 per cent by Blue Circle Industries, the UK's top cement maker, and 41 per cent by Broken Hill Proprietary company, the Australian conglomerate.

The Boral offer is worth A$235m each to Blue Circle and BHP.

It consists of A$5 for each ordinary share, six ordinary 50 cent Boral shares for every five 50 cent Blue Circle Southern shares, or a combination of cash and shares.

Boral's minimum acceptance con*dition is that it acquire not* less than 90 per cent of Blue Circle Southern's ordinary shares.

Both Blue Circle and BHP have said they are prepared to sell their holdings, jointly or separately, but have not yet agreed to the Boral offer.

Sir John Milne, Blue Circle In*dustries chairman, would not com*ment "on whether we have accepted the Boral offer or whether it is a good price. But we are interested in receiving higher offers."

Both companies decided to sell their stake in Blue Circle Southern because they no longer considered it a long-term strategic holding and no longer regarded Australia as a growth market for cement.

BHP wants to concentrate on its other interests. Blue Circle – which has just announced plans to cut 2,000 jobs and reduce production capacity in the UK – wants to invest in high growth areas for cement manufacture, particularly in the US.

Blue Circle Southern accounted for £12m of Blue Circle Industries' £117m pre-tax profits last year, and Sir John is not expecting demand for cement to grow in Australia. "We could get as much in interest on the cash as profits from Blue Circle Southern," he said.

Blue Circle already owns US cement plants in the north eastern states, on the southern coast, and in the sunbelt. They earned 20.8 per cent of the group's 1985 pre-tax profit.

Future purchases would concentrate on filling geographical gaps, *with plants in the mid-west, north*west and northern states.

Blue Circle Southern has an output of between 2.5 to 3m tonnes of cement a year.

See Lex

Leaders lose their patience

Continued from Page 1

educated Chinese have become aware that their level of human rights is far below that of many other countries, and that their press is far from free.

"Let me give you an example," an engineering student said. "We heard about other protests in Chinese cities from the Voice of America. Is it right that Chinese should hear about a Chinese event from an American broadcast?"

The demonstrations were reported in the local press for the first time yesterday in reports extremely critical of the protesters. Articles alleged that a few activists with "ulterior motives" have taken advantage of the disruption to "put up posters supporting counter revolutionary activities."

"Some students don't really understand reform in our country. Their understanding of their democratic rights is unclear," the local press said. There was no coverage of the students' four demands – more democracy, press freedom, legal recognition of the protest, and guarantees of no reprisals – which they had requested be published. Instead, they were accused of threatening the country's stability and of not "treasuring" their present rights.

Posters appeared at the Shanghai Communications University, which has been at the forefront of the protest, urging students to "struggle to victory" and encouraging those reluctant to participate to "arise", as well as denying the Government allegation that police had been injured.

Meanwhile, Government *notices* appeared at that and other universities warning students against protesting, and similar notices were erected in Peoples Square.

Students were unsure of how many days the protest would last, but diplomats suggested the lack of a clear agenda will cause them to dissipate in the next day or so. They presume that demonstrations will become more frequent in Shanghai, and perhaps other cities, now that the students have successfully flexed their marching muscles.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	10	50	Dubrovnik	C	3	37	Malta	F	14	57	Rhodes	F	16	61
Algiers	R	10	50	Edinburgh	F	3	37	Manchester	S	3	37	Rio de J'o	S	34	93
Amsterdam	Sn	2	36	Faro	F	17	63	Manila	C	29	84	Rome	F	8	46
Athens	R	13	55	Florence	S	9	48	Melbourne	F	17	63	Salzburg	Sn	-1	30
Bahrain	C	18	64	Frankfurt	S	-1	30	Mexico City	S	22	72	San Francisco	S	13	55
Bangkok	S	28	84	Funchal	C	18	64	Miami	C	23	73	Seoul	S	0	32
Barcelona	S	11	52	Geneva	S	0	32	Milan	S	8	46	Singapore	C	30	86
Beirut	R	13	55	Gibraltar	R	16	61	Montreal	S	-6	21	Stockholm	Sn	-5	23
Belfast	S	3	37	Glasgow	S	2	36	Moscow	C	-1	30	Strasbourg	F	-1	30
Belgrade	S	0	32	Guernsey	F	5	41	Munich	Sn	-1	30	Sydney	C	26	79
Berlin	Sn	-3	27	Helsinki	S	-7	19	Nairobi	F	25	77	Taipei	C	21	70
Biarritz	F	7	45	H. Kong	S	18	64	Naples	F	10	50	Tangier	–	–	–
Bombay	S	31	88	Innsbruck	Sn	-3	27	Nassau	S	28	88	Tel Aviv	S	18	64
Bordeaux	F	6	43	Inverness	C	2	36	New Delhi	S	20	68	Tenerife	C	20	68
Brussels	S	1	34	Islamabad	S	17	62	New York	S	5	41	Tokyo	S	9	48
Budapest	F	2	36	Istanbul	R	5	41	Nice	S	11	52	Toronto	S	1	34
B. Aires	S	30	86	Jakarta	R	32	90	Nicosia	S	16	61	Tunis	C	10	50
Cairo	S	20	68	Jersey	C	6	43	Oporto	S	11	52	Valencia	S	12	54
Cape Town	S	22	72	Jo'burg	S	28	82	Oslo	S	-7	19	Venice	S	7	45
Caracas	C	25	77	Lima	S	26	78	Paris	C	3	37	Vienna	F	-3	27
Casablanca	F	16	61	Lisbon	F	13	55	Peking	S	-1	24	Warsaw	C	-4	25
Chicago	C	8	44	London	C	3	37	Prague	F	-5	23	Washington	S	-3	27
Cologne	Sn	-2	28	Los Angeles	S	23	74	Reykjavik	R	3	37	Zurich	Sn	0	32
Copenhagen	C	-3	27	Luxembourg	S	-2	28								
Corfu	F	12	54	Madrid	S	7	45								
Dallas	–	–	–	Majorca	F	10	50								
Dublin	S	3	37	Malaga	C	17	63								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Prices rise on Opec accord

Continued from Page 1

would be able to establish its basket of fixed prices, due to take effect at the beginning of February.

Industry experts said that in try*ing to set both price and output*, Opec was trying to do too much.

If the market price in January, before the new fixed prices are introduced, is well below $18 a barrel, Opec is expected to climb down from its price target. A second testing time is expected in the spring when oil demand will have fallen from the winter peak, putting Opec under pressure to abandon its agreement.

As part of the planned return to fixed prices, Opec intends to abandon netback pricing.

Sterling gains after oil pact

Continued from Page 1

ket response to pre-Christmas lethargy.

There was also caution about pushing sterling too high ahead of *today's balance of payments figures*. They are expected to show a deficit of between £800m and £1bn on trade compared with £835m in October. Buoyant invisible earnings should leave the current account in balance, or even with a small surplus. Nevertheless, the market remains highly sensitive to these *monthly announcements*.

Another dampener on enthusiasm was sterling's failure to break above a key chart point at $1.4450, despite the weakness of the dollar yesterday.

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday December 23 1986

GE to provide $500m credit line for broker Kidder Peabody

BY ANATOLE KALETSKY IN NEW YORK

GENERAL ELECTRIC is providing a credit line of $500m to its newly-acquired brokerage subsidiary, Kidder Peabody, in what is seen on Wall Street as an aggressive move designed to thrust Kidder into the current boom business on Wall Street - organising and financing corporate takeovers and leveraged buyouts.

GE acquired Kidder in June this year for about $600m as part of a strategic expansion into the financial service business from the base provided by GE Credit Corporation, which had long been one of the biggest leasing and consumer credit operations in the US.

Kidder, as one of medium-sized Wall Street houses, has not been regarded as a major power in merchant banking or leveraged takeovers and buyouts.

The latter business has been dominated by Drexel Burnham Lambert which enjoyed unparalleled mastery over the market in high-yielding "junk" bonds which have been the key to many mergers and buyouts. In recent months, however, a number of other investment banks, led by First Boston and Merrill Lynch, have wrested lucrative deals away from Drexel by providing short-term bridging commitments and loans out of their own capital instead of turning to the junk bond market.

The expectation on Wall Street yesterday was that Kidder would become an increasingly active participant in this business, following its recent offer of a $600m bridging facility in connection with the buyout of Tenneco's insurance units. Kidder on Friday announced a reorganisation of its corporate structure designed to strengthen the merger and acquisition and junk bond trading departments. GE's $500m credit line, which is likely to be leveraged up through bank borrowings into a fund of up to $2bn should provide Kidder with the financial muscle to compete in this business.

For GE, participation in the risky takeover business will not be an entirely new departure. GE Credit has already established a reputation in the US for taking substantial positions in financing consortia for buyouts and takeover deals in recent months.

Denmark taps Canadian $ sector

BY CLARE PEARSON IN LONDON

EUROBOND turnover was negligible in London yesterday. Those dealers not intent on last-minute shopping were tending to while away the hours in games of Trivial Pursuit, which seems to be in vogue on Eurobond trading floors this Christmas.

Nevertheless, Denmark, an indefatigable borrower which last Friday issued Y130bn in Euroyen bonds, tapped the Canadian dollar sector with a deal led by LTCB International. The C$150m five-year issue has a 9⅛ per cent coupon and 101⅛ issue price.

The lead-manager said the bond was targeted at certain Japanese investors but it had not been pre-placed. The bond is likely to have a small syndicate group consisting of a few co-lead managers and Danish banks.

Japanese investors have been buying Canadian dollar bonds recently attracted by the high yield relative to US dollar bonds and the firm currency.

Denmark's "jumbo" five-year Euroyen issue slipped slightly in price from Friday's levels to 99⅞ bid, 100 offered. This compares with a 101⅛ issue price.

Dollar fixed-rate bonds closed unchanged where prices were quoted, but Eurosterling bonds improved by about ¼ percentage point, encouraged by Opec's agreement on output.

The D-Mark market traded quietly. KHD Dutch Finance's DM 150m, 10-year, 6⅛ per cent bond dropped by ¼ point to 97 compared with a 99¼ issue price.

In Switzerland, however, trading volume was high given the time of year and prices firmed slightly.

Vestfjorden's SFr 140m 5 per cent bond due 1999, which comes in two tranches, the A tranche payable next May, traded for the first time. The bond closed at around 99 against a par issue price.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.
Closing prices on December 22

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 5⅜ 96	100	†102	102¼	+1	+1½	5.33
Amer. Corp. 5¼ 01	200	†91½	92	+1½	0	6.13
Baker Int. 4⅞ 96	200	†91¾	92	+3¾	+2¼	5.25
Carlsberg 5 96	80	†102	102¼	−0¼	+0½	4.72
Chujitsuya 5¼ 94	50	†101½	102½	+0⅛	−0⅛	5.05
Deutsche Bk. Fin. 5⅛ 95	100	†107	107¼	−0½	+1	4.32
Gen. Occidentale 4½ 94	80	†134	134¼	−1½	−1	0.19
Glendale F. S. & L. 5½ 95	100	†96¾	96¾	0	−3½	5.97
Humana 5¼ 98	120	*†96¾	96¾	0	−0⅛	5.54
Industrial Credit 5¼ 96	75	*†102⅞	102¾	0	+3¼	5.48
Japan Dev. Bk. 5⅛ 97	100	†102½	102¾	0	+1	4.80
Oberos. Kitwk. 5½ 95	100	†102½	102¾	+1	+0¼	4.97
Olivetti Intl. 5½ 95	100	†102½	102¼	0	−0½	5.11
Pepsico 5¼ 95	130	*†103¾	103¾	0	0	4.70
Prov. of Manitoba 4¾ 94	200	†100½	100¾	0	+0⅛	4.65
Ralston Purina 5⅜ 94	125	†103	103¼	+0½	+0¼	4.39
Settsu Euro. 0 01	100	*†44⅞	44⅞	0	0	5.80
Tohoku Elec. Pwr. 4⅞ 96	150	†98¾	99	—	—	5.02
USX Corpn. 5¾ 98	200	†94⅛	94½	+0¼	+0¼	6.45
World Bank 5¾ 94	150	†103¾	104	0	0	5.15

Average price changes on day +0¼ on week +0⅝

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Expr. OS Cr. 5⅝ 91	20	101⅛	101⅝	0	+0⅛	5.50
Denmark 6⅜ 96	18	104	104½	0	+0½	5.77
GMAC 5⅞ 91	60	98⅝	99⅝	0	+0⅛	5.64
EIB 6⅛ 96	25	102½	103	0	+0⅛	5.73
Sweden, Kingdom 5½ 95	20	99⅛	99½	0	+0⅛	5.73

Average price changes on day 0 on week +0½

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Nippon Oil Co. 2⅛ 92 SFr	3/84	1002	†252¾	253¾	+20¾	−3.09
Nippon Shinpan 2 92 SFr	3/84	496.5	*†279½	279½	0	−0.26
Asics 5 92 DM	12/85	472	123½	124½	−2	−4.57

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Kredietbank NV; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Bank of Tokyo International; Chemical Bank International; Chase Manhattan; Citicorp International Bank; Daiwa Europe NV; Credit Commercial de France (Securities); EBC Amro Bank; LTCB International; Robert Fleming and Co.; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch Pierce Fenner and Smith; Morgan Stanley International; Nikko Securities Company (Europe); Nomura International; Orion Royal Bank; Samuel Montagu and Co.; Societe Generale Strauss Turnbull; Sumitomo Finance International; Swiss Bank Corporation International; S. G. Warburg and Co.; Wood Gundy.

NST payout halved as profits slide 55%

By Wong Sulong in Kuala Lumpur

NEW STRAITS TIMES, Malaysia's largest newspaper publishing group, has reported a 55 per cent drop in pre-tax profit to 24.5m ringgit (US$9.5m) for the year ended August and is cutting its dividend by half.

Turnover fell 5 per cent to 181m ringgit. The after-tax profit was down 61 per cent to 10.1m ringgit, and on top of that, the group had to write off 6.8m ringgit as an extraordinary loss from the diminution in the value of a quoted investment.

NST, which publishes newspapers and magazines in Malay, English and Chinese, suffered principally from the sharp drop in advertising revenue and circulation of its flagship, the English daily, New Straits Times.

It also said increases in newsprint and staff costs "had a direct impact on group profit."

The final dividend is 6 cents, making 15 cents a share for the year, compared with 30 cents previously. NST also announced a one-for-four bonus issue, capitalising 17.2m ringgit from unappropriated profits. The new issue will not be entitled to the final dividend.

The NST group is controlled by Kumpulan Fleet, an investment agency of the ruling United Malaysia National Organisation of Prime Minister, Dr Mahathir Mohamad.

Traffic decline hits MAS in first half

By Our Kuala Lumpur Correspondent

A DOWNTURN in domestic passenger traffic depressed pre-tax profits of Malaysian Airline System by 22.6 per cent to 58.2m ringgit (US$22.3m) in the six months to September.

Turnover rose marginally by 2.7 per cent to 695m ringgit. Profit after tax fell by 24 per cent to 56.9m ringgit or 16 cents a share, compared with 23 cents previously.

MAS said despite the slowdown in the Malaysian economy, the airline continued to perform well during the first half.

During the period, it undertook several activities which would have long-term benefits for the group, including the launching of a twice-weekly service to Los Angeles.

The expenditures for these were fully charged to the period and MAS did not anticipate further similar expenditure in the second half.

An interim dividend will be declared later.

Olympus Optical result propped by land sales

By Our Tokyo Staff

OLYMPUS OPTICAL, the Japanese maker of photographic and medical equipment, has reported a 39.7 per cent drop in pre-tax profits for the full year ended last October, to Y4.9bn ($30m) from Y8.16bn, on sales that declined 6 per cent to Y120.89bn from Y128.57.

Sales of land, however, boosted net profits to Y10.59bn, an increase of 142 per cent from the previous year's Y4.39bn, and equal to an increase in profits per share to Y55.83 from Y23.54. Dividend will be maintained at Y13 a share.

For the current year, Olympus forecasts a 1.7 per cent increase in sales to Y123bn.

Langeberg Co-operative beats sanctions

By Jim Jones in Johannesburg

LANGEBERG CO-OPERATIVE, one of South Africa's leading fruit canners, overcame trade sanctions difficulties in the year to October 31 and increased both sales and trading profit.

Turnover rose to R365m ($166m) from R305m and the trading surplus increased to R14m from the previous year's surplus of R3m and a deficit of R12m two years ago.

Mr Carel Stassen, Langeberg's chief executive officer, says that development of new markets allowed the co-op to overcome what he describes as "victimisation by activist groups."

Murdoch bids for rest of S. China Morning Post

BY DAVID DODWELL IN HONG KONG

MR RUPERT MURDOCH, the media magnate with interests spread from his native Australia to the US and the UK, has made a general offer of HK$77 a share for the outstanding 46.2 per cent stake he does not already own in the South China Morning Post, Hong Kong's leading English language newspaper, and one of the most profitable newspapers in the world.

The offer follows deals over the past month with the newspaper's three main shareholders—the Hongkong and Shanghai Bank, Hutchison Whampoa, the trading group, and Dow Jones, the US publishing group—in which Mr Murdoch built up a 53.8 per cent holding at a price of HK$73 a share.

Both the Hongkong Bank and Hutchison have said they will sell all of their remaining shares at the general offer price. Hongkong and Shanghai Bank, which until entering an initial agreement with Mr Murdoch a month ago, held a 48.8 per cent stake in the South China Morning Post, exits from the deal with a cash windfall of HK$1.15bn (US$147.6m), while Hutchison, which had held 25.4 per cent, will earn HK$815m.

If all existing shareholders accept the offer, Mr Murdoch will succeed in acquiring the newspaper group, which last year earned profits after tax of HK$165m, for a total of HK$2.41bn.

Mr Murdoch has yet to reveal his plans for the Post group, though when he first acquired a holding, he said he "would not take action to change significantly the character of the newspaper."

As part of his deal last week with Dow Jones, Mr Murdoch is considering an offer from Dow Jones for the South China Morning Post's key stakes in two other publications—the Far Eastern Economic Review, and the Asian Wall Street Journal. If the offers are accepted, the Post's coffers will be boosted to the tune of HK$212m.

● Telerate, the US business information group, has agreed in principle to acquire 49.6 per cent of AP-Dow Jones/Telerate, which operates the Telerate on-line financial information network outside North America, from Associated Press and Dow Jones, Reuter reports from New York.

Telerate, which already owns the remaining 50.4 per cent of the venture, said it would pay Associated Press $6.5m initially and another $58.5m in instalments over 15 years. Dow Jones would receive 2,600,000 Telerate shares, increasing its interest in Telerate to about 35 per cent from 31.6 per cent currently.

VW boosts Seat stake to 75%

BY ANDREW FISHER IN FRANKFURT

VOLKSWAGEN, the West German motor group, is buying a further 24 per cent stake in Seat, the loss-making Spanish car company, to bring its total shareholding up to 75 per cent by the end of this year.

VW said when buying its initial 51 per cent interest this summer that it would purchase the rest by 1990. The full investment by then will be DM 1.3bn, with the latest addition costing the Wolfsburg-based group DM 312m ($156m).

The German company, which recently said it expected broadly maintained profits for 1986 despite a drop in the first nine months, said the latest Seat shares purchase was in line with the stage by stage acquisition announced earlier.

VW hopes to have Seat turned round into a profitable company by the early 1990s and is investing some DM 5bn on new models and factory rebuilding or replacement. In 1985, Seat lost Pts 37bn ($258m). Seat's results are not yet consolidated.

The integration of Seat into VW's worldwide operations was proceeding on schedule, VW added. This year, Seat has produced some 340,000 cars, a 6 per cent rise over last year. Included in this figure are 107,000 (95,000) VW models.

In the 1990s, VW plans to increase total annual output of Seat to more than 400,000 vehicles, including 130,000 VWs. Seat, formerly state-owned, makes the Passat and Polo models of VW.

VW said that Seat models had lifted their share of the Western European market from 1.4 to 1.6 per cent in the January-October period.

Merrill to spin off property side

MERRILL LYNCH, the US brokerage and investment house, has cancelled plans to sell outright its large residential real estate businesses, which were widely thought to be worth at least $500m.

Merrill said yesterday that the businesses, which consist of a residential brokerage network, a relocation company and a mortgage operation, would now be spun off as a limited partnership, in which Merrill would retain a majority stake.

The fact that Merrill would be selling only half its residential interests, as well as the absence of any specific date for the intended public offering of the new limited partnership, was seen on Wall Street as a setback for the company's efforts to consolidate itself back into a purer brokerage and investment business.

San Miguel to attempt $85m buyback

By Richard Gourlay in Manila

SAN MIGUEL, the Philippines beer and consumer goods giant, has asked its bankers to help buy back $85m worth of its own shares, which were sequestered by the government earlier this year.

The block represents about 15 per cent of the company's shares and a little less than half of 33.1m sequestered shares which the government has now freed for sale.

San Miguel's attempted buyback is far from certain to succeed, but Manila stock markets leapt last week in anticipation of a share sale. Large foreign investors as well as local institutions are believed to be competing for the shares in San Miguel, which is the country's largest manufacturing company.

The company's "B" shares, which are available to foreign and local investors, rose 30 per cent to $5.9 during the week while the "A" shares that Filipinos alone can buy, rose by 14 per cent to $4.

In April the 33.1m shares were sequestered by the Presidential Commission on Good Government (PCGG) which is hunting down hidden wealth acquired by former President Ferdinand Marcos and his associates.

As a result it block a previous San Miguel attempt to buy back the shares from the United Coconut Planters Bank (Cocobank) which is holding the sequestered shares in trust for the country's 1.4m coconut farmers.

The PCGG suspected that the beneficial owner of the shares might be a close Marcos business associate, Mr Eduardo Cojuangco, whose tentacular control of the coconut industry earned him the title of "coconut king."

Earlier this month, the PCGG opened the door for the sale of the shares by ruling that they belong to trusts that Cocobank is administering for the coconut farmers.

UK COMPANY NEWS

Australian £55m bid for 'Investing in Success'

BY TERRY POVEY

Panfida has become the latest Australian company to move into the UK market. Yesterday the Sydney-based company made an offer for "Investing in Success" Equities, valuing the trust at £55m.

Mr Ken Nicoll, executive director of Panfida based in the UK, said that the group and institutions acting in concert with it held 28.7 per cent of IIS's shares. He regretted that talks had not led to an agreed takeover.

IIS has called upon shareholders to ignore the offer. The trust is a capital fund managed by its directors and as of January 31 it had net assets of £43m. On December 4 the net asset value per share was 957.4p. The investment portfolio, seen by Panfida as "passively managed," is spread fairly widely, in 154 different stocks with about one third in the UK, another third in Japan, 15 per cent in the US and the rest in Europe.

The cash offer by Panfida is for the higher of 94 per cent of IIS's net asset value calculated on a formula basis or 850p. A 7 per cent loan note alternative on the same terms is also being offered. The offer values IIS's shares at 900p each on the basis of the December 4 asset value.

Mr Nicoll said that Panfida, which was listed in Sydney in May and has a market capitalisation of around A$60m, "were not intent on just buying IIS and selling on its investments, we really want to man-IIS's holdings in fewer stocks, in special situations and mainly in the UK and US, he believed a better rate of capital growth could be achieved.

Panfida is run by Mr Sama Gazal, also chairman of a small New South Wales television company and Mr Peter Wenzel, formerly a director of McIntosh Hamson Hoare Govett, one of Australia's leading stockbrokers.

Mr Nicoll, who until May was a director of merchant bankers Baring Brothers, said that Panfida saw itself as an entrepreneurial company. No flurry of fund raising was planned if the offer succeeds, he said, but moves could be made to lighten the shares through scrip and/or warrants issues. A listing for IIS in Australia would also be a priority.

Yule Catto urges Barrow holders to accept offer

BY CLAY HARRIS

Yule Catto yesterday urged Barrow Hepburn shareholders to accept a £17.3m takeover offer which it said would bring commercial and financial benefits to the chemicals and engineering company.

The chemicals and plantation group said that Barrow's shares had performed poorly because of an "unexciting record" of earnings and dividends. Diversification away from its original leather business had failed to pay off.

Yule Catto said that the speciality chemical operations of the combined group would be able to compete more effectively. There was also scope for co-ordination in rubber and plastics.

The financial strength of Yule Catto would help to release Barrow's potential, which was restricted by its small size and diversity.

Barrow has rejected the bid as "totally unacceptable."

Yule Catto's offer of 108p cash and one £1 convertible preference share for every four Barrow shares, values the target at 52p against 57p yesterday, up 2p. Yule Catto was unchanged at 241p.

English China attacks Bryant's profit forecast

English China Clays yesterday launched the second stage of its £137m bid for Bryant Holdings with an attack on the Midlands-based housebuilder's recent profit forecast and a defence of its own diversification record.

The clays, quarrying and construction group did not, however, raise its offer as Bryant's advisers had anticipated in a statement prematurely released last week.

ECC criticised Bryant's prediction of a 55 per cent advance in the present year, against 41 per cent in the previous five years. It questioned whether land sales were jeopardising long-term prospects and asked why Bryant failed to foreshadow the improvement when it launched a rights issue in the autumn.

ECC also attacked Bryant's failure to give a divisional breakdown of its activities and to put a value on its landbank.

The Cornish group defended its treatment of reorganisation costs as extra ordinary items and its valuation of land owned by Bradleys, taken over in 1984, as in accordance with accounting standards.

ECC shares added 1p to 312p, valuing its three-for-seven offer at 133.7p, against Bryant's unchanged 154p. The deadline for acceptances has been extended until January 27.

Hill and Smith (steel stockholders, fabricated products and drop forgings) has purchased Armco Construction Products for £2.05m cash.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div	Total for year	Total last year
Batleys	int	0.5	Feb 26	0.5	—	2.2
Dominion Intnl	int	2.5	Feb 16	2.5	—	5.5
Fashion and Gen	int	10	—	10	—	27
G. M. Firth	int	0.5	Apr 7	0.45	—	1
Moss Advt	int	§1	—	—¶	2	—¶
Nash Inds		1	Feb 28	0.5	1.5	0.5
Porter Chadburn	int	1	Apr 7	0.7	—	2
Prestsprint	int	1	Feb 6	1	—	2.5
Radiant Metal	int	1	Jan 16	1	—	2.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Shares marketed July 1985. No dividend paid for initial period.

BET in £11m US acquisition

By Clay Harris

BET, the diversified services group, is to pay $16m (£11.2m) for Werner Enterprises, a US scaffolding and site access company.

Goldman Sachs, the US investment bank, yesterday placed 2,644,740 new BET shares at 432p to finance the acquisition. Fees for the "bought deal" amounted to just over 5p a share, or about £135,000. BET shares added 1p yesterday to 437p.

Werner, which trades as Saf-T-Green, sells and hires frame scaffolding, hoists and aerial work platforms. The family-owned company reported pre-tax profit of $2m on turnover of $23.7m in 1985.

Senior management will remain with the Atlanta-based company which also has depots in Florida, Alabama and Texas.

The Werner acquisition is BET's first major move into US building services since its takeover of HAT Group in September brought it market leadership in contract painting. Previously, BET's only North American venture in the sector was Toronto-based Swing Stage Clima, which rents access equipment.

W. Alexander purchase

Walter Alexander is acquiring the outstanding 62 per cent in its associate Flos Group for an initial £5.1m. The payment is being satisfied by the issue of 275,000 shares, £3.7m in loan notes and £1.2m cash. There will be further performance-related payments estimated to be about £2m.

Flos, which makes bedroom products under the Slumberdown brand in the UK and Comfort Pillow in the US, made a profit of £1.34m on sales of £30.2m in the year to end-January 1986.

OSCA, public relations and marketing company, has bought a 28 per cent stake in Cromer Titterton Mills Cowdrey, advertising agency, for £400,000.

Carlton US purchase of Gordon Ent. for £14.7m

By Clay Harris

Carlton Communications is entering the key New York market for radio and television commercials production with the acquisition of Gordon Enterprises for up to $21m (£14.7m).

Gordon provides voice-over and audio-mixing facilities to a wide range of clients, including major advertising agencies and MTV, the pop music video channel. Radio advertising accounts for about half of Gordon's business.

Carlton, Europe's largest television production facilities company, plans to invest about $10m to complete Gordon's new computer graphics video studios in Manhattan.

Carlton's Complete Post is already a leading post-production player in the Holywood-based programmes market.

For 1986, Gordon is forecasting pre-tax profits of $2.1m ($760,000) on turnover of $9.5m. Its senior management will continue on five-year service contracts.

Carlton will pay an initial $6.2m in cash. Up to $14.8m in additional payments, linked to profits in the five years to September 1991, will be paid in shares and/or cash. Carlton shares were unchanged at 1020p.

Minet paying £3m for US marine broker

Bowes Holdings, a US subsidiary of Minet, the London-based insurance broking group, is paying $4.6m (£3m) to buy 90 per cent of Continental Underwriters, a New Orleans marine surplus lines insurance broker.

The move is part of a US strategy of acquiring small specialised brokers, Minet said yesterday. Bowes Holdings' operates as an excess and surplus lines broker, arranging for the placement in the international market of insurance business generated by US retail brokers.

About 15 per cent of Continental's business originates from oil industry clients. But the bulk of it comes from broking marine insurance for river traffic on the Mississippi, Minet said.

Mr Brian Hayes, chairman of J. H. Minet, the Lloyd's broking subsidiary, said: "In the US there are many surplus lines brokers for sale, but most are in the traditional property and casualty field. We are trying to buy smaller operations with special expertise."

Continental, which is privately owned, made pretax profits of $1.7m (£1.2m) in the year ended September 30. Bowes has paid $4.3m of the consideration in cash, with the remainder subject to a $225,000 upward or downward adjustment depending on Continental's 1987 profits.

More Goldsmiths' shares for Oriflame

Oriflame, the London-listed but Scandinavian-based direct selling cosmetics company which last week launched a £40m hostile bid for Goldsmiths Group, yesterday announced that it has increased its stake in its target from 28.5 to 28.8 per cent.

The additional 88,078 shares were bought at 280p—the level of Oriflame's cash alternative.

Hillsdown buys into coal mining with Anglo United deal

BY NIKKI TAIT

Hillsdown Holdings, the acquisitive foods and furniture group, is adding coal mining to its range of interests via the acquisition of a 29.9 per cent stake in open-cast group, Anglo United.

Anglo is issuing 34.9m new shares to Hillsdown. Hillsdown will subscribe at 25p each—compared with yesterday's closing price of 30p, up 3p on the news—for a total cost of £8.7m. Anglo directors who currently control 49.7 per cent of Anglo United via two Netherlands Antilles companies are backing the issue, which will dilute their stake to around 36 per cent.

Hillsdown stressed yesterday that it sees the holding as an investment and has no plans to make a bid for the mining group.

Anglo currently produces around 1m tonnes of coal a year, though this should rise to 1½m tonnes next year as two new sites come on stream. Pre-tax profits, however, have been erratic, yo-yoing between £121,000, £2.4m, £165,000 and £3.2m over the past four years. In the six months to end-April the pre-tax figure fell from £1.5m to £882,000 but the group says it is confident about the full-time result. Its year-end is being shifted to end-March, and this will cover a 17-month period.

The money raised from the Hillsdown share purchase will go towards expanding Anglo's interests into the coal distribution business. The company said yesterday that it will join the bidding for LCP Fuels, the Midlands-based fuel distribution business which Ward White is likely to sell

Holmes & Marchant pays £6m for Biggs Comms

BY CLAY HARRIS

Holmes & Marchant, sales promotion consultant and graphic designer, is to move into advertising and public relations with an agreed takeover of the Biggs Communications Group for up to £6m.

The acquisition will also give Holmes its first access to in-house typesetting, photographic and film and video production facilities.

Biggs specialises in work for pharmaceutical companies, while Holmes is most active in product development and design work in the grocery sector.

"It's a great fit in every respect," Mr John Holmes, group chief executive, said yesterday. He will join the board of Biggs, and the agency's founder, Mr Frank Biggs, will become a director of Holmes.

The takeover is to be financed through the issue of new shares to the vendors at the prevailing market price. The initial £1.75m payment would involve the issue of about 565,000 shares at yesterday's price of 310p. Subsequent payments are linked to profits in the three years to September 30 1989.

Biggs reported profit before tax and exceptional items of £400,000 on turnover of £6.8m in the year to March 31. At that date it had net tangible assets of £800,000.

Sutcliffe Speakman ahead

Sutcliffe Speakman improved its turnover from £7.94m to £8.56m and pre-tax profit from £270,000 to £302,000 in the six months ended September 30 1986. Earnings were 2.3p (2.2p) per share.

Trading profit for the period was held at £506,000. But interest charges were £204,000 (£168,000) and last time there was an exceptional debit of £67,000.

Carbons performed well, the directors said. Benefits of reorganisation were beginning to come through and should be more fully reflected in the second half.

Engineering companies incurred overall losses of £293,000 and arrangements were made for them to be sold. The directors were optimistic about the medium and long term future, but felt those companies would be better situated in an engineering group. Details of the sale will be published in due course.

In July, the company raised £1.6m by an issue of ordinary and preference shares and warrants. First dividend on the preference will be paid at the end of the month.

ATC forecasts £7.5m profit

ALLIED TEXTILE COMPANIES, which has made an agreed bid for Bulmer & Lamb, the Bradford-based textiles group, yesterday posted its formal offer document to Bulmer shareholders and forecast that Allied's pre-tax profits for the year to September 30 1986 would reach £7.5m.

In the year to September 30 1985 the company made pre-tax profits of £6.4m.

Allied said the 17.2 per cent increase resulted from an improved performance from its existing textile operations and a larger contribution from financial activities.

Holders of Bulmer's 3.5 per cent preference shares are being offered 60p a share, or 60p in nominal value of unsecured loan notes.

The price, Allied said yesterday, represented a premium of 18p, or 42.9 per cent, over the middle market quote for Bulmer's preference shares at the close of business on December 17 and an exit yield of 8.2 per cent.

Burns-Anderson resists bid

By Richard Tomkins

Burns-Anderson, the financial services and motor distribution group, yesterday sent out its formal defence document in response to the £21.3m bid from Dudley, a private company owned by two West Midland's property developers.

The Burns-Anderson board says in its letter to shareholders that Dudley's 103½p-a-share offer is not only inadequate and misconceived, but also hastily constructed.

Dudley "clearly mounted its opportunistic attack" to accumulate as many shares as possible before Burns reported its figures for the year to September, showing an 88 per cent increase in pre-tax profits.

"The strength of our share price, which stands well above the offer price, indicates that the market also regards the offer as commercially unjustified and totally inadequate," it says. Burns' shares closed 3½p up at 112p.

COMPANY NEWS IN BRIEF

COURTAULDS' £28.3m offer for Fothergill Harvey, the advanced materials and insulation materials manufacturer, attracted acceptances in respect of just 0.5 per cent by the first closing date. The offer has been extended until January 30.

Fothergill shares rose 11p to 247p yesterday on hopes of a strong profits forecast for its full year, which is likely to be published next week. That compares with Courtaulds' cash-only offer of 225p. Courtaulds' shares rose 2p to 314p.

SCOTTISH & MERCANTILE Investment Trust: Interim dividend 1.4p (same) for six months ended September 30, 1986. Revenue before tax was £820,000 (£859,000); tax charged £270,000 (£304,000) and minorities £49,000 (£52,000) leaving attributable profits of £501,000 (£503,000). Earnings per 5p ordinary and "A" non-voting ordinary were 2.06p (2.06p) and net asset value was 95.4p (89.7p).

GILTRAP (UK's) £10m offer for Frank G. Gates, Ford main car dealer, was posted to shareholders yesterday. Giltrap, owned by New Zealand businessman Mr Colin Giltrap, is offering 120p cash for each share with a loan note alternative.

STAVELEY INDUSTRIES said that contracts had been exchanged for the sale of the business of Lapointe broach division of Staveley Machine Tools, a wholly owned subsidiary of Staveley, to Marbaix (Holdings). Total realisation from the sale by Staveley will be about £6m.

SELECTV (subscription television operator)—Pre-tax loss increased from £116,000 to £143,000 in half-year to September 30 1986 on turnover down from £48,000 to £39,000. Interest receivable was £20,000 (£42,000), and the loss per share of this USM company was 1.04p (0.84p). At September 30, cash balances stood at £334,000.

MONKS & CRANE said contracts have been exchanged for the purchase of Sarjents Tool Stores. Sarjents is a distributor of engineers' tools, hand tools, power tools and woodworking equipment, selling from three retail sites in Reading, Swindon and Oxford. Sales for the year to June 30 1986 were £1.8m, and a loss of £96,000 was reported. The consideration will be £92,000 in cash on February 2 1987, and £200,000 in loan notes and approximately £100,000 in cash on March 1 1987.

DWEK GROUP has entered negotiations which may lead to a major acquisition of a private company.

SHARE STAKES

CHANGES IN company share stakes announced during the past week included:

Granada Group.—Director Mr Bernstein sold 25,000 Ordinary shares at 286p per share on December 12.

Associated British Engineering.—Mr M. J. Barry, a director, disposed of 300,000 ordinary at 5.75p on December 18 and now holds 234,478 ordinary and 15,965 convertible preference shares.

Acquascutum.—Mr G. M. Abrahams, chairman, sold 200,000 "B" shares at 64p on December 8.

Laura Ashley.—On December 15, Mr J. Winter, director, disposed of 25,000 shares at 180p per share and now holds 86,703 shares.

F. J. C. Lilley — Mr J. M. Barber, director, purchased 50,000 ordinary at 30p per share.

Tunstall Telecom Group.—Mr R. Pinder, director, sold 30,000 shares at 295p on December 4. Mr M. Spencer, director, on December 5, sold 200,000 shares at 295p.

Guinness — Sir Norman McFarlane, director, purchased 30,000 stock units at 298p each.

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But even with a laminated windscreen you could still cut your face to ribbons.

That's why Pilkington has developed an anti-lacerative windscreen that will give way but not splinter, making it even safer.

A thin plastic coating bonded to the glass holds it together (what's more it won't craze; if the windscreen is struck by a stone it merely chips or cracks leaving a clear view of the road).

Of course, if everyone were to wear their seat belts then this sort of accident need rarely, if ever, occur.

Unfortunately these accidents happen every day. That's why we have to continue to make the glass safer.

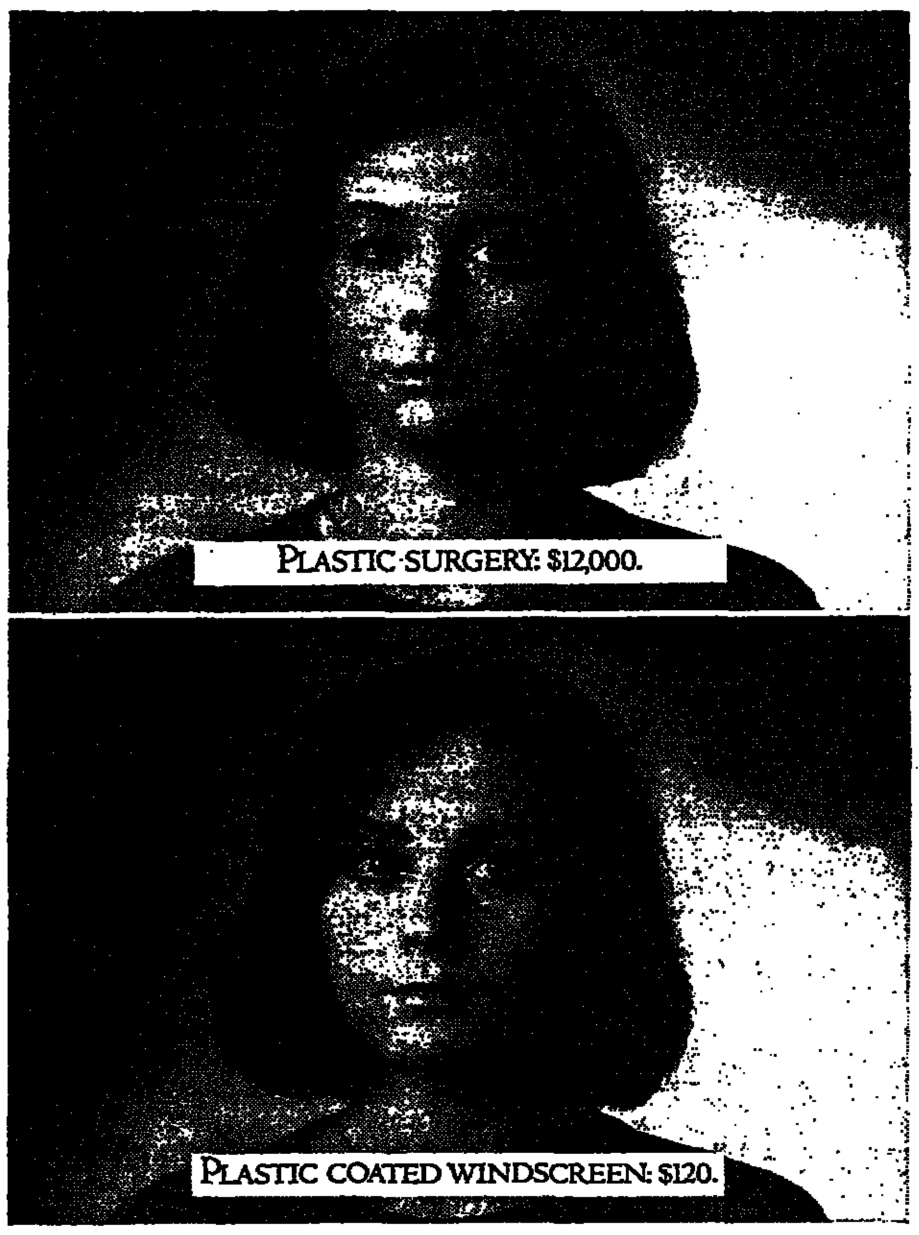
In the USA where they have the most stringent safety regulations of any country, Pilkington is by far the major supplier of automotive glass.

Pilkington is responsible for about 17% of the world's output, last year glazing over 7 million cars.

Just one of the achievements of a company that has successfully built itself up to become the world's leading glass company, with a worldwide turnover of around £2,000,000,000.

Pilkington is currently developing an invisible windscreen heating element which can defrost itself in under two minutes.

A windscreen containing an almost invisible car aerial.



A car window so tough that stolen car stereos may soon become as outdated a phenomenon as The Bay City Rollers.

No other glass manufacturer produces as large a range of products, from flat glass to glass fibre, from ophthalmic lenses to the optics for missile guidance systems.

These are the innovations that give Pilkington the edge over the competition.

Although, in this case thankfully, not the cutting edge.

PILKINGTON

The world's leading glass company.

UK COMPANY NEWS

Dominion Intl. hit by natural resources decline

A DOWNTURN in the contribution from the natural resources side pulled back Dominion International Group in the six months ended September 30 1986, with its pre-tax profit falling from £5m to £4.65m.

Basic earnings, however, were only marginally reduced to 7.49p (7.5p) after lower minorities, and the interim dividend is held at 2.5p net.

The financial division contributed £2.9m (£2.36m), property development £1.63m (£1.37m), and natural resources £775,000 (£1.85m). Central overheads came to £649,000 (£528,000).

The directors explained that the relative decline of property and resources, coupled with the emergence of new financial activities, was evidence of the change in emphasis and direction that the group was being put through.

The plan was for a much sharper focus on financial services, with low yielding assets and capital intensive operations making way for core businesses with strong cash flow and earnings growth.

Changes were expected to have an adverse effect on short-term performance, but a favourable impact on long-term growth and prospects.

Core businesses would be supplemented by the acquisition of Transnational, a specialist computer leasing operation based in the US for between $12m and $27m.

Disposal of development properties was progressing, with contracts exchanged or completed on a good proportion of the commercial portfolio. And last week the company announced it was withdrawing from the UK housing market.

Over two years, the disposals should release more than £25m for other purposes. The development of Dominion Beach, in Spain, was unaffected by those proposals, and sales were running ahead of expectations.

At Southwest Resources, the 59 per cent-owned USM-quoted company, turnover fell to £3.87m (£4.36m) and profit to £775,000 (£1.85m) as the decline in oil and gas prices took effect. Included in the profit was the final instalment on the disposal of its North Sea interests accounting for £675,000 after costs and expenses.

In the US, the States Petroleum group subsidiary continued to operate profitably, although at a much reduced level. New exploration was substantially cut to reduce costs, but the group was well placed to acquire producing properties.

Southwest's investment in Wm Hunt performed poorly and it was likely that a substantial provision against the £9.9m book cost would prove necessary.

● comment

Dominion International certainly knows how to soothe the frayed nerves of a market worried about its exposure to low oil prices, Cornish tin mines and the vicissitudes of the offshore financial world—it enters computer leasing! Stripped of its house building side the property development division is being wound down—probably to just over £1m pre-tax in the second half. Natural resources still has to bear the brunt of South Western's share of William Hunt's costly failures in Thailand. But not all is bad news here—the accountants might find that SW's accumulated tax losses sit rather well with Transnational's profit's stream. The cash to come from the property disposals should help keep gearing down to 50 per cent but the real question is what cash flow source Dominion will tap to fund an expansion of its lending activities now that the rental and house completion streams are coming to an end. Forecasts of not much more than last year's £11m for 1986-87 are unlikely to help the shares rise much above a depressed 100p.

G. M. Firth advances 34% in first half

AGAINST A background of fierce competition in its main areas of activity, G. M. Firth (Holdings) lifted its sales by 19 per cent and pre-tax profit by 34 per cent in the half year ended September 30 1986. Earnings per share rose 40 per cent and the interim dividend is stepped up to 0.5p net, from 0.45p.

Mr I. H. Wasserman, chairman, said it would be unwise to be too optimistic while the industrial climate remained uncertain, but he remained confident that growth would continue in the second half.

Firth is engaged in steel stockholding and machinery dealing, furnishings, floorings and fittings, transport and has a near 65 per cent controlling interest in Porter Chadburn, the quoted manufacturer of food and drink and general engineering equipment.

In the half year group sales were £27.96m (£23.52m) and profit £1.45m (£1.08m), subject to tax £412,000 (£416,000) and minorities £143,000 (£30,000).

Mr Wasserman said margins were under pressure in steel stockholding and resulted in a 10 per cent reduction in profit, and "it seemed inevitable" that profit for the full year would be somewhat lower.

On the furniture side, trading profits rose 30 per cent and the chairman remained confident that last year's record would be at least matched. The Leeds depot was closed.

Transport benefited from certain contractual settlements and profit was comfortably ahead, and a good result for the year was anticipated.

Regarding Porter Chadburn, Mr Wasserman said the problems of the oil industry did not help recovery and growth which remained slow but steady. Sales rose to £10.88m (£8.8m) and profits to £347,000 (£85,000); earnings came to 5.2p (1.63p) and the interim dividend is raised to 1p (0.7p) net.

In general engineering, plastics manufacture, and distribution, the sales volumes and trading profits were largely in line with budget. But the food and drink equipment division experienced considerable pressure on margins, and the oil service sector companies felt the impact of the low oil price—one traded at a small profit and the other at a loss.

● comment

G. M. Firth has been twice blessed in the last half-year by the acquisition of its majority stake in Porter Chadburn. First, the continued recovery of the engineering group—from profits of around £85,000 this time last year to £347,000 now—has given Firth's pre-tax figure a considerable shot in the arm. Second, Porter's historic tax losses have acted as an accelerator at Firth's bottom line, turning the 34 per cent pre-tax growth into a 40 per cent advance in earnings. This is just as well, since Firth's performance would not have looked too bright otherwise: indeed, only the £130,000 profit on the disposal of the Hove property portfolio averted the possibility of an overall downturn. The steel stockholding division seems unlikely to stage a revival overnight, so shareholders' best hopes of rapid pre-tax advances seem to rest more on the group's policy of expansion through acquisition than the potential for strong organic growth. The share price, down 2p at 70p yesterday, could mark time till the solidity of profits growth becomes more clearly established.

Profits down at Moss Advertising

Moss Advertising Group fared better in the second half of 1985-86 following the sharp setback from £231,000 to £7,000 at half time due to the loss of a major client and one or two other factors. For the year to August 31 1986 pre-tax profits were down from £422,000 to £170,000.

The directors stated that the foundations were now being laid for the future by investment in additional personnel, particularly in the creative sector. This investment would hold back profits in the short term but benefits were expected to accrue before the end of the current year.

In addition, the group had been very active in identifying potential acquisitions and the directors were in discussions with a number of parties.

The final dividend is 1p making 2p a share from earnings of 4.08p (7.30p).

Batleys improves

Batleys, the Huddersfield-based cash and carry wholesaler, recorded a £145,000 advance to £652,000 in pre-tax profits for the 27 weeks to November 1 1986. Operating margins were also better at 0.62 per cent compared with 0.51 per cent for the corresponding 26 weeks of the previous year.

Turnover was £112.23m (£95.27m) and operating profits were £692,000 (£485,000); net interest payable was £40,000 (£22,000 credit). Tax charged was £236,000 (£151,000) and earnings per share emerged at 2.72p (2.30p). The interim dividend is an unchanged 0.5p.

FASHION AND General Investment: Net asset value per 5p share at end of September 1986 507.7p, against 493.4p a year earlier. Dividend for six months to September 30 unchanged at 10p.

Berger pays £9.2m for Ault & Wiborg paints

Ault & Wiborg, the chemicals and resins manufacturer 83.5 per cent-owned by Sun Chemical of the US, is selling its paints businesses to Berger Jenson and Nicholson for £9.2m cash. Berger is a subsidiary of Hoechst (UK).

Around £2.9m of the purchase price will be paid over a five-year period depending on the increase in the purchaser's turnover during that period. The deal is conditional on the non-referral of Berger's acquisition to the Monopolies Commission.

In the six months to June 30 Ault's paints division made a trading loss of £24,000 on sales of £9.8m. Net assets as at December 31 1985 showed a book value of £9.7m.

Ault & Wiborg said yesterday that 220 jobs would be lost as a result of the sale of the paints business. Ault will incur redundancy costs of £1.2m, which will be paid fro mthe proceeds.

At an extraordinary general meeting held yesterday Ault shareholders approved the sale of Ault printing inks division to Japan's Dainippon Ink and Chemicals for £16.28m. An egm to gain shareholders' approval for the paints division sale will be held towards the end of next month, Mr C. F. Strang, chairman of Ault said yesterday.

Improvement at Nash

AS anticipated, an improvement in pre-tax profits has been achieved at Nash Industries, packaging, engineering and construction group, for the year to September 30 1986. After incurring losses of £121,000 in the previous year, the group yesterday reported a swing back into the black with profits of £306,000. That was after charging a loss on discontinued activities of £57,000.

Mr John F. Nash, the chairman, said engineering had continued to perform most satisfactorily, and packaging had maintained the improvement seen last year. Although the construction losses had been significantly reduced, the results remained disappointing; competition was fierce and margins were tight.

Nevertheless, he said, future contracts were at a record level. The final dividend is doubled to 1p for an increased total of 1.5p net (0.5p). Stated earnings per 25p share were 5.1p compared with losses of 2.3p.

Group turnover for the year was lower at £15.25m against £17.45m. There was an operating profit of £767,000 (£430,000). The pre-tax figure was after interest charges down from £551,000 to £461,000. Tax took £89,000 (£24,000 credit). There was an extraordinary credit this time of £33,000 against a loss of £796,000. After dividends of £64,000 (£21,000), £188,000 was transferred to reserves (£914,000 transferred from reserves).

Prontaprint falls

Prontaprint, the USM-quoted franchiser of high-speed print and copy shops, reports a sharp fall in profits for the first 28 weeks of 1986-87 despite only a marginal decline in turnover. Pre-tax profits tumbled £276,000 to £80,000 against a fall of just £3,000 to £1.81m in turnover.

Earnings per share emerge at 0.61p (3.21p) after a [illegible] (£136,000) tax charge. Second half is traditionally more profitable, stated the directors, and they forecast more encouraging prospects for the next financial year. The interim dividend is maintained at 1p.

Hazlewood Foods

Hazlewood Foods has acquired Maharry Holdings for an initial consideration of I£2.79m (£2.58m). Based in the Irish Republic, Maharry has four trading subsidiaries all in Dublin.

Pre-tax profits of Maharry and its subsidiaries for the year to March 31 1986 were £919,000 and net assets were £2.1m.

Consideration will be satisfied by £950,000 cash and the allotment of 1,787,652 to the vendors who will retain 1,191,768 shares

COMPANY NEWS IN BRIEF

CAMPBELL & ARMSTRONG (store design and shopfitting): Interim dividend 1.3017p net. Turnover for the 26 weeks to September 28 1986 was £4.15m (£2.83m) and pre-tax profits £650,000 (£273,000); net interest charges were £30,000 (£61,000), tax took £236,000 (£89,000) leaving attributable profits of £414,000 (£184,000) and earnings per share of 6.5p (3.1p).

BOWATER INDUSTRIES has bought Strybrite Windows, a Midlands replacement window company, for an initial instalment of £3m with a further maximum of £3.5m contingent on the results over the next two years. Consideration will be satisfied by the issue of shares.

KINGSRANGE PRODUCTS (maker and distributor of toiletries)—For half year ended October 31 1986, sales were £7.42m (£6.17m) and profit £854,000 (£806,000). Interim dividends initiated with 5p net payment. Branded products performed strongly in the UK and North America. Group should achieve profit objectives for year.

CADBURY SCHWEPPES Australian subsidiary, Cadbury Schweppes Australia, is to sell its 40 per cent holding in Oasis Industries to L. D. Nathan, which owns the balance of the shares. The total consideration was NZ$26m (£9.37), a surplus of NZ$16.4m (£5.91m) over the book value.

RADIANT METAL Finishing (Electroplating and metal finishing, property development and retail of home furnishings): Interim dividend 1p for half-year to August 31 1986 (same). Turnover £783,100 (£463,937); operating profit £86,333 (£44,009), investment income £3,742 (£130,481) and profit before tax £90,125 (£174,490). Tax charged was £31,919 (£57,630) leaving earnings per 12½p share of 4.29p (8.59p).

UNITED GUARANTEE (Holdings): Listing restored, after issue of circular letter approved by shareholders.

LAURENCE GOULD said an approach had been received which might or might not lead to an offer being made for the whole of the equity capital of the company.

STANDARD SECURITIES said discussions were in progress which may or may not lead to a significant expansion of the capital resources of the company, as well as a general offer for its share capital.

FINLAN GROUP's board has confirmed that negotiations are at an advanced stage for the acquisition of a private company, and further details will be released as soon as possible.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Anchor International Fund, Bermuda International Bond Fund, Beristords, Forminster, A. Monk, Prontaprint, Sterling Industries.

Finals:—none announced.

هكذا من الأصل

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

FT CROSSWORD PUZZLE No. 6,210

DANTE

ACROSS

1 Striker appears satisfied about everything (6)
4 The balance mounts (6)
8 Music writer for new style US stars (7)
9 Apes sobbing wildly (7)
11 Underladen object producing an ominous rumbling (10)
12 A superior preposition (4)
13 Minister of the armed forces (5)
14 Straightening bandages (8)
16 Figure of importance to American defence (8)
18 Plain net (5)
20 Kitty's euphoric vibes? (4)
21 Long leases are required for this place to live in America (3,7)
23 Seaside resort complaint (7)
24 To commit it one rats perhaps! (7)
25 Records broken by Ernest (6)
26 Stop and have a drink (6)

DOWN

1 A striking red-head, perhaps (5)
2 Erudite composer shown the way out (7)
3 It may be present in March or April (6-3)
5 Many fish act like limpets (5)
6 A sailor scowls about Herculean tasks (7)
7 Drink now mixed in separate container (9)
10 Chinese soup ingredient often includes eggs (5,4)
13 Booked with pride (9)
15 Crank, socially and mechanically (9)
17 Hill split by flood (7)
19 Member in neat outfit showing good taste (7)
21 He may want to change roles with the winner (5)
22 He tangles with cop—that will mean time (5)

Solution to Puzzle No 6,209

AUTHORISED UNIT TRUST & INSURANCES

American Life Insurance Co UK
2-4 Altyre Road, Croydon CR9 2LG 01-680 7181

Alpha Range—Life			
Managed Acc	94.9	99.9	-0.3
American Acc	98.4	103.6	-1.3
Deposit Acc	99.8	105.1	...
European Acc	110.5	116.3	+0.1
Far Eastern Acc	110.3	116.1	-2.5
Fixed Interest Acc	84.6	89.0	+0.6
International Acc	108.3	114.0	...
Property Acc	120.6	126.9	-0.3
UK Equity Acc	92.9	97.8	-0.3
Alpha Range—Pensions			
Managed Acc	97.5	102.6	-0.1
Premier Range			
Managed Acc—Life	106.3	111.8	+0.1
Managed Acc—Pensions	107.3	113.0	+0.1

Other unit prices available from American Life

Baltic Assurance Funds
20, Chiswell St, London, EC1Y 4TY 01-374 6802

Managed Growth	253.85	267.22	-0.59
Managed Income	117.49	123.68	-0.52

Barclays Life Assur. Co Ltd
252 Romford Road, London E7 01-534 5544

Barclaybond	357.0	375.8	+1.5	—
Managed Accum.	302.6	318.6	+1.3	—
Equity Accum	437.5	460.6	+2.1	—
Property Accum	207.3	218.3	...	—
International Accum	274.7	289.2	+0.4	—
Gilt-edged Accum	199.5	210.0	+1.8	—
Money Accum	176.7	186.1	...	—
American Accum	180.3	189.8	+0.4	—
Australia Accum	169.1	178.1	+1.5	—
Financial Accum	204.4	215.2	+0.8	—
"500" Accum	221.4	233.3	+0.9	—
European Growth Accum	145.6	153.3	+0.9	—
Income Accum	241.5	254.3	+0.8	—
Japan & Gen Accum	321.7	338.7	-2.3	—
Leisure Accum	149.3	157.2	+1.0	—
Spec Sits Fd Accum	122.6	129.1	+1.0	—
Universal Tec Accum	109.6	115.4	+0.3	—

Cornhill Insurance PLC
57 Ladymead, Guildford 0483 68161

Equity Fd (A&B) Dec 20	259.5	273.5	+1.0	—
Fixed Int (A&B) Dec 20	166.0	175.0	+2.0	—
Man Growth (A&B) Dec 20	532.0	560.0	+1.0	—
Money Fd (A&B) Dec 20	142.5	150.5	—	—
Cap Fd (A&B) Nov 15	410.0		—	
G.&S. Spec Fd (A&B) Nov 15	169.0		—	
Far East Eqty (A&B) Dec 20	190.5	201.0	+3.5	
N.Amer Eqty (A&B) Dec 20	103.0	108.5	-3.5	
Int Technlg (A&B) Dec 20	155.0	163.5	-0.5	
Property (A&B) Dec 20	196.5	207.0	-1.0	

Credit & Commerce Life Ass. Ltd
74 Shepherds Bush Green, W12 8SD 01-740 7070

Life Funds				
UK Equity	141.9	149.7	-0.5	
American Equity	123.1	129.8	—	—
Far East Equity	170.1	179.4	—	—
Managed Fund Acc	371.0	391.0	—	
International Equity	187.1	197.3	—	
Gilt Edged	183.4	193.4	...	
Money Fund	145.1	153.0	+0.1	
CCL Headstrt	161.5	170.6	—	—
CCL Perpetual	202.0	213.1	—	—
CCL Property	228.3	240.8	—	—
Smaller Cos	236.8	249.8	—	—
Perpetual Eurogrowth	115.8	122.1	—	—
CCL Hend'son Prime Res	97.6	102.9	—	

Criterion Assurance Group
Swan Court, Petersfield, Hants 0730 65281

Ultimate Mngd Fund	174.8	184.0	—	—
Criterion Mngd Fund	167.4	176.2	—	—
Pension Mngd Cap	53.0	55.7	—	—
Pension Mngd Acc	62.5	65.7	—	—
Pension G'nteed Dep Ac	34.8	36.6	...	

For closed Fund unit prices ring 0730 65281

Crown Financial Management Ltd

Assicurazioni GENERALI SpA
117 Fenchurch St, London EC3M 5DY 01-488 0733

Hambro GeneraliUKGth	108.5	114.3	—	—
Hambro Generali Ppty	115.5	121.6	—	—
Hambros Canadian	116.0	122.2	—	—
Hambros Equity Inc	116.6	122.8	—	—
Hambros European	124.6	131.5	—	—
Hambros High Income	115.9	122.0	—	—
Hambros Jap & Far East	149.2	157.1	—	—
Hambros Nth American	108.6	114.4	—	—
Hambros Res & Assets	110.5	116.4	—	—
Hambros Scandinavian	128.2	135.0	—	—
Hambros Smaller Cos	127.7	134.5	—	—
Generali Intnl Managed	291.9	307.3	—	—
Generali Int Mgd Pens	126.8	133.5	—	
Generali Cash	101.9	107.3	—	

General Portfolio Life Ins. Plc
Crossbrook St, Cheshunt, Herts 0992 31971

Life Funds				
Portfolio Fd Acc	411.9	411.9	-0.0	—
Portfolio Inv. A	411.8	433.6	+0.1	—
UK Equity	203.3	214.3	-0.7	—
Overseas Equity	147.9	155.8	+0.9	—
Smaller Companies	115.2	121.3	-0.1	—
Far Eastern	137.9	145.3	+0.1	—
European	123.8	130.5	+0.7	—
North American	105.3	110.9	+0.7	—
Gilt Plus	111.9	117.9	+0.7	—
Fixed Int. Dep	113.0	119.0	—	—
Building Sec	111.3	117.3	—	—
Property	128.0	134.8	-0.2	—
Index-Linked Gilt	97.0	102.2	—	—
Managed	165.1	173.9	+0.0	—
Int. Managed	147.8	155.7	+0.4	—
Gartmore	111.1	117.0	+0.1	—
Framlington	107.8	113.6	+0.1	—
Perpetual	104.9	110.5	+0.5	—

The LAS Group
10 George St, Edinburgh 031-225 8494

Crescent Life Assurance				
Managed Fund	216.3	229.8	+0.5	—
UK Equity	255.6	271.1	+1.5	—
Property	189.1	200.6	...	—
Money Market	142.4	150.3	+0.1	—
Fixed Int.	163.9	173.9	+1.7	—
Japan	302.1	319.6	—	—
North America	137.6	146.1	...	—
International	199.0	211.1	+0.7	—
Natural Res	70.0	74.3	-1.0	—
European	178.9	189.8	+2.5	—
Far East	120.0	126.6	+1.3	—
High Technology	97.4	102.8	-0.2	—
Special Situations	104.2	110.0	+0.3	—
Pension Funds				
Managed	141.3	149.8	+1.0	—
International	146.5	155.0	+1.2	—
Property	121.8	128.8	+0.2	—
Money Market	122.0	129.0	+0.3	—
Fixed Interest	123.9	131.1	+1.6	—
UK Equity	160.9	170.2	+1.5	—
North America	116.5	123.4	+1.3	—
Japan	173.0	183.0	+0.5	—
European	179.6	190.0	+2.2	—
Broker Life Funds				
Allied	132.7	139.9	+0.3	—
Dowty Investment	100.7	106.2	+0.1	—
EP Ward Disc	147.2	155.3	+0.3	—
Moore Asset Mngd	117.8	124.3	+0.1	—
Murray Noble Top 20	105.2	109.6	-0.4	—
Sovereign	96.9	102.2	+0.3	—
Stewart Short Sample	97.9	103.2	+0.1	

Legal & General (Unit Assur) Ltd
2 Montefiore Road, Hove, BN3 1SE 0273 724588

Merchant Investors—Cont.

Intl. Currency	168.2	...	—
Do. Pens	226.3	+0.1	—
Index Linked	138.2	+0.2	—
S & C Managed Fd	129.6	+0.1	—
Trustees Life Funds			
Per Worldwide Rec	142.2	+0.2	—
Per Far East Growth	165.7	+1.2	—
Per Intl Growth	142.7	+0.7	—
Per Income	135.5	-0.3	—
Per Emerging Co's	136.7		—
Per American Growth	153.1	+0.3	—
Per European Growth	221.8	+0.2	—
Fra American & Gen	121.6	-0.6	—
Fra Capital	125.8	-0.2	—
Fra Income	135.9	-0.1	—
Fra Intl Growth	126.7	-0.2	—
Fra Japan & Gen	162.4	+1.4	—
Fra Recovery	145.1	+0.4	—
Fra Convertible & Gilt	120.7	—	—
Fra European	132.6	—	—
GAR American	121.3	-0.6	—
GAR European	161.7	+0.2	—
GAR Far Eastern	178.2	+2.5	—
GAR British	136.9	-0.5	—
GAR Global	153.8	+0.2	—
GAR Special Situations	138.6	-0.5	—
GAR Smaller Co's	142.0	-0.2	—
GAR Australian	136.6	+1.0	—
HEN Managed	134.0	+0.3	—
HEN UK Growth	134.7	-0.3	—
HEN UK Income	137.4	+0.3	—
HEN American	123.2	-0.7	—
HEN Far East	168.6	+2.0	—
HEN European	172.5	-0.7	—
HEN Prime Res Prop	300.1	—	—
TSB American	133.8	-0.6	—
TSB General	143.3	-0.5	—

Premium Life Assurance Co Ltd
Eastchester House, Haywards Heath 0444 458721

Property Equity & Life Ass. Co
Baxter Ave, Southend SS2 6QN 0702 333453

Royal Heritage Life—Contd

Scottish Mutual Investments—Contd

Scottish Provident Institution
6 St Andrews Sq, Edinburgh

Scottish Widows' Group
PO Box 902, Edinburgh EH16 5BU

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV ... $18.98 | +0.16 | —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ... $17.21 | | —
Inv Adv: M & G Inv Mngt., Ltd, London

Yamaichi Capital Mngt (Guernsey) Ltd
22 Smith St, St Peter Port, Guernsey. 0481 23765
Japan Mega Growth ... $12.08 | +0.21 | —

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech ... $17.69 | | —
Dynamic Gwth Fd ... $19.72 | | —

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund ... £22.25 | 12.94 | —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Fndtn Money Mngmt Co Ltd				
Staple Hall, Stone St, Houndsditch, EC3, 01-283 3461				
CAFCASH Call Fund	10.48	7.33	11.53	3-mth
CAFCASH 7-day Fund	10.65	7.96	11.64	3-mth
The Charities Deposit Fund				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	10.75	11.19 CAR		3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST 01-236 0952				
Call Fund	10.75	8.09	11.73	Mth
7-day Fnd	10.67	7.99	11.66	Mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425,				
Call Fnd	10.33	7.73	11.12	6-Mth
7-day Fund	10.37	7.75	11.15	6-Mth
Dollar	5.75	4.33	6.17	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
FdF Service Cur Acc	10.25	7.50	10.86	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY 01-638 6070				
Treasury Acc	10.25	7.66	11.10	Qtr
... £1,000-£5000	10.20	7.49	10.90	Mth
Mth Int Chq £5,000+	10.25	7.66	11.19	Mth
Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD 01-283 9111				
High Int. Cheque Acc	11.00	8.22	12.03	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	10.25	7.66	11.18	Mth
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int. Cheque	10.00	7.50	10.86	Qtr
Benchmark Trust Ltd				
9 Henrietta Place, W1M 9AG. 01-631 3313				
Cap Chq Deposit Acc	10.25	7.66	11.16	Mth
Brown Shipley & Co Ltd				
Founders Court, Lothbury, London EC2R 7HE 01-606 9833				
...				
28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	10.25	7.66	11.21	Daily
Tyndall & Co				
29-33 Princess Victoria St, Bristol 0272 732241				
Demand Acc.	10.73	8.56	11.70	Qtr
Money Acc.	10.53	7.67	11.42	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth 0705 827733				
Special Acc	9.75	7.29	10.61	Mth
Over £10,000	10.00	7.49	10.96	Mth
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL 1SE 0752 224141				
High Int Chq Acc	11.06	8.27	12.01	Qtr
Wimbledon & South West Finance Co Ltd				
114 Newgate St, London EC1A 7AE. 01-606 9485				
High Int Cheque Acc	11.25	8.41	12.23	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. * Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase ad ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	27	NEI	8
Amstrad	15	Nat West Bk.	48
BAT	35	P & O Dfd	45
BOC Grp.	28	Plessey.	16
BSR	11	Polly Peck	16
BTR	26	Racal Elect	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	45
Beecham	40	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	42	TSB	8
Brit. Telecom	17	Tesco	36
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	15
Charter Cons.	24	Turner Newall	18
Comm Union	28	Unilever	110
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	**Property**	
Gen Electric	15	Brit Land	16
Glaxo	85	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	**Oils**	
GKN	24	BOM	$3\frac{1}{2}$
Hanson Tst.	18	Brit Petroleum	50
Hawker Sidd.	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	$3\frac{1}{2}$
Ladbroke	32	Shell	65
Legal & Gen	20	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	38	**Mines**	
Lucas Inds	46	Cons Gold	62
Marks & Spencer	18	Lonrho	22
Midland Bk.	48	Rio T Zinc	162
Morgan Grenfell	26		

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Non-members expected to back Opec output cuts

BY LUCY KELLAWAY

NON-OPEC members yesterday appeared likely to add their own production cuts to those agreed over the weekend by the producers' cartel.

Both Norway and Malaysia are expected to announce restrictions to their oil output early in the New Year, while countries such as Mexico and the US are likely to continue to produce below peak levels.

Malaysia is likely to shave some 35,000 barrels a day from current output of about 450,000 barrels, while Norway is expected to announce in January a cut of about 80,000 to 100,000 barrels a day from its current production of about 1m b/d. Until now Norway has curtailed exports by increasing Government stock levels, under a temporary arrangement that expires at the end of the month. However a cut in Norwegian production is unlikely to do more than stem what would otherwise have been sharply escalating production, brought about as new fields come on stream. By contrast, in the UK, the Government is not expected to propose any cut in output, which will remain at the present level of 2.5m barrels a day.

Mexico, which earlier this year cut back its oil output by nearly 250,000 barrels a day to about 1.4m, is expected to hold present levels steady, while the US will also continue to lend support to Opec indirectly through the involuntary decline in its production during the last year. The chances of the latest Opec *agreement holding firm* were yesterday being assessed differently in London and New York, with London traders generally the more optimistic of the two.

In the early morning Brent prices leapt by $1.50 while in New York price rises were limited to $1, so for much of the day the price of Brent, generally about 70 cents lower than the price of West Texas Intermediate, traded at a premium to WTI of about 20 cents.

In London, the Brent market had one of its busiest days since the last Opec agreement in September which triggered the price recovery from below $10 to $15. Indeed the level of activity and the volatility in the price spoiled the festive arrangements which are generally the market's main preoccupation at this time of year.

"The chap I had lunch with today couldn't stop looking at his watch. After half an hour we agreed we really should get back to the office," said one busy oil broker yesterday.

The mood was echoed on the products markets where volumes were heavy and price movements large. On London's International Petroleum Exchange the price of gas oil ended $4 higher at $142.50 a tonne, after touching $149.50.

While much of the trading was speculative, with so called "Wall Street Refiners" particularly active, two major oil *companies were seen buying* cargoes of Brent for delivery in February at prices of around $17.50 a barrel.

"They seem to believe that the Opec fixed price will stick, and compared to paying over $18 for Opec crude in February, today's prices look cheap," a broker said.

On the New York Mercantile Exchange volumes were less heavy than expected. By the middle of the afternoon about 30,000 lots had been traded, less than half record levels. Indeed, Mr Peter Beutel, from Elders Futures had time to compose the following lines:

"*King Fahd's 18 dollars is* within Opec's reach.
If he would abide by what free markets teach.
Just lower production, then the price will be right,
And the meeting for Christmas, and to all, a good night!"

Malaysia defers trading of foreign tin

By Wong Sulong in Kuala Lumpur

INDONESIAN AND Thai tin miners will be allowed to sell their tin on the Kuala Lumpur tin market from January 5 next year, according to a KLTM announcement at the weekend.

Trading in Indonesian and Thai tin was originally scheduled to begin last week, after Datuk Lim Keng Yaik, the Minister of Primary Industries, had given his approval, but the KLTM decided to defer it in view of the anticipated low activity around Christmas and the New Year.

Mr Amin Zahari Nordin, the KLTM secretary, said the inclusion of tin from Malaysia's neighbours would broaden the market, and help confirm the KLTM as the main market in Asia, and the price reference point for the metal.

Since it resumed trading last February, the KLTM has been trading in Malaysian smelted tin, amounting to over 15,000 tonnes.

Meanwhile, Malaysian miners have expressed regret over Indonesia's plan to increase its tin production next year to between 29,000 and 31,000 tonnes. They said Indonesia should try and maintain its production at the 1986's estimated production of 26,000 tonnes in accordance with the spirit of discussions at the Association of Tin Producing Countries meeting in Kuala Lumpur last month, in which the seven ATPC members agreed to reduce production.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during week ending last Friday)
(tonnes)

Aluminium	+275 to	112,725
Copper	−4,925 to	179,100
Lead	−1,425 to	31,475
Nickel	+30 to	7,356
Tin	−615 to	39,385
Zinc	+1,500 to	18,600
Silver	−120,000 to	23,088,000

India studies potash venture

BY JOHN ELLIOTT IN NEW DELHI

INDIA IS considering taking a 20 to 25 per cent equity stake in a $400m (£280m) potash mine planned in Manitoba, Canada, jointly by Canamax Resources and the Provincial Government, which has also been looking for finance in China, Brazil and South Korea.

This would be India's first such foreign investment on a large scale. It is being backed by India's government-owned Minerals and Metals Trading Corporation (MMTC) in order to help secure supplies in the 1990s when the current world surplus of potash may be reversed.

But the MMTC is insisting that India's share of the $250m equity should be provided in the form of Indian-made equipment for the project such as dump trucks, excavators and mechanical shovels and not in hard currency.

The project was discussed during a visit to Delhi last week by Mr Wilson Parasiuk, Manitoba's Minister of Energy and Mines. But no decision will be taken until a technical and economic feasibility study is completed next June, after which the plans would have to be vetted by various Indian Government departments.

India imports about 1.5m tonnes of potash a year and this is likely to rise to over 2m tonnes by the early 1990s. It would probably take 500,000 tonnes a year from Manitoba.

At present the world's total annual potash production is 28m tonnes, 4m more than total consumption. But with world consumption rising at 800,000 tonnes a year, the Manitoba Government believes the project is viable now a counter-cyclical investment.

Mr Parasiuk said the province had sufficient reserves to provide 2m tonnes of muriate of potash annually for more than 50 years. However Manitoba does not have the financial resources to go ahead with the project until it find foreign investors.

The project would be run by the Manitoba Potash Corporation, 51 per cent owned by Canamax resources, a private sector company, and 49 per cent by the Provincial Government, whose share would be partially distributed among customers who become investors. India would probably be the largest of these investors if it went ahead. China, Brazil and South Korea have been expressing an interest in possibly smaller stakes.

Canada joins in the grain subsidy war

BY BERNARD SIMON, RECENTLY IN WINNIPEG

A RECORD harvest and the realities of prairie politics are turning Canada from an innocent victim into a full-blooded participant in the ferocious subsidy war being waged in the international grain trade.

While insisting that they cannot match the largesse of the US and EEC Governments, the Canadians have found the wherewithal for a determined fight to protect existing markets and find new ones. "We are in this business for the long haul," Mr Esmond Jarvis, the Commissioner of the Canadian Wheat Board assured a group of Manitoba farmers last month, "and we are not going to be muscled out by others whose only solution to problems is to throw money at them."

While Canadian farmers produce only about 4 per cent of the world's wheat and 6 per cent of its barley, they are among the leading exporters of both products, accounting for 17 per cent of wheat shipments last year.

Ottawa has recently joined the big league of subsidisers. The Federal Government announced earlier this month that it will pay grain farmers an average of C$5,000 (£2,560) each to compensate them for low international prices. The total programme is worth C$1bn.

The Government will almost certainly have to dig into its pockets again at the end of this season to cover an expected deficit in the wheat and barley pools, the accounts used to match revenues with payments to farmers.

The shortfall, the first in almost two decades, follows Ottawa's decision earlier this year to guarantee an initial payment of C$130 per tonne for wheat and C$80 per tonne for barley, in the face of Wheat Board advice that such payments were not justified by international prices. The deficit is expected to run into several hundred million dollars.

In addition, the Western Grain Stabilisation fund, a type of insurance scheme funded by contributions from producers and Government, is about C$200m in the red. The Government will have to make up the shortfall.

Mr Michael Wilson, the Finance Minister, has yet to disclose where he will find the money for these support programmes at a time when Ottawa *is trying to hold down* the budget deficit. But the Government is under Government is under intense political pressure to help prairie farmers.

The Western Canadian economy is already reeling from the blow of low oil and gas prices and Westerners deeply resent the attention which Ottawa has recently appeared to lavish on the more politically powerful provinces of Ontario and Quebec. The C$1bn aid package was first mooted during a provincial election campaign in Saskatchewan last autumn.

Canada's determination to remain competitive in world grain markets *is given special urgency* by a record 52m tonne crop (of which 30m tonnes is wheat and 13m tonnes barley), 12 per cent above the previous biggest, which was reaped in 1982.

Only about 15m tonnes is consumed locally, leaving 37m tonnes for export. The most that Canada has ever shipped overseas in one season in the past is 31m tonnes.

The Wheat Board, farmers and traders are confident that exports in the season ending next July 31 will comfortably exceed the 24m tonnes shipped last year. The best guess at present is that foreign sales will reach 27m-29m tonnes.

Achieving that level will require a combination of aggressive marketing, a smooth transport system and, as usual, some luck.

There is widespread confidence that foreign customers will buy more Canadian grain than last year. According to Mr Jarvis, "We're not complaining about share of market. We're holding our share." Thanks mainly to higher barley shipments to Saudi Arabia, Japan, the Soviet Union, Italy and China, total grain exports so far this season are about 600,000 tonnes ahead of 1985.

CANADIAN WHEAT
(million tonnes)

	Output	Exports
1986/87*	30.0	19.0
1985/86	20.7	170.
1984/85	18.1	17.1
1983/84	23.0	21.3
1982/83	23.2	21.0
1981/82	20.9	18.0

* Estimated.
Source: Canadian Wheat Board

Allowing for the premium normally paid for hard, high-protein prairie wheat, the Board has apparently matched prices offered by the US and EEC. Mr Murray Cormack, chief executive of Manitoba Pool Elevators, a leading farmers' co-operative, says that the Board "has done a good job of being aggressive in the marketplace."

Canada has also played heavily on its reputation for strict quality control and dependability. *Referring to* rumours that the US plans to extend its export enhancement programme to sales to China, Mr Jarvis says that one way of fighting back is to remind the Chinese that "we have been a very steady supplier." A speech which Mr Jarvis delivered at last month's international grain congress in Jakarta dwelt almost entirely on the consistency, high quality and wide variety of Canadian grains.

One trader ascribes a recent surge in Canadian wheat sales to the Soviet Union to a "solid customer relationship," with fewer political considerations than the Soviets' ties with US exporters. Canada has also lifted wheat sales recently to Indonesia, Malaysia and the Philippines.

Transport facilities are running at full tilt to carry as much of the crop as the board can sell. Shipments from West Coast ports reached a November record, and loadings at the Great Lakes port of Thunder Bay have also been at all-time highs. In an unusual step, the Board plans to rail grain to elevators on the lower St Lawrence river after ice closes the Great Lakes to barge traffic in early January.

Even if these efforts are successful, the Canadian Government can expect pressure to give even more generous assistance to farmers in 1987. *This season* will almost certainly end with a huge carry-over of 20m tonnes or more. Barring a disastrous crop somewhere else in the world, a normal crop on the prairies next season will tax farm storage facilities, transport links and the Board's marketing skills to the limit.

On top of all that will be the tricky political decision of what price to pay the farmers for their crop. Restoring sanity to the international grain market is unlikely to be among Ottawa's highest priorities.

Disease and weather sap maple syrup supplies

BY DAVID OWEN IN CHICAGO

NORTH AMERICAN maple syrup consumers, already paying through the nose for their favourite breakfast time delicacy, due to the poor 1986 harvest, must be worried by reports emanating from New England, and parts of Canada indicating that a large number of sugar maple trees are sickening.

In Quebec for example, where 90 per cent of the Canadian crop is produced aerial surveys conducted by scientists are reported to show that up to 82 per cent of the trees are in decline.

A similar, though less widespread, picture has been observed in Vermont, the largest US maple syrup producing state. "I could show you sections of bush around here that look very sick," says Mr Mel Tyree, a member of the University of Vermont botany department which is investigating the problem.

"We suspect atmospheric pollution," he adds, "but the jury is still out: we don't have enough facts to be sure."

Whatever the cause of the decline, the maple syrup eating public will be hoping that enough trees will survive or recover to prevent the institutionalisation of the high prices they have been faced with throughout the year.

Retail prices are said to have risen to $30 to $35 a gallon, up from $22 to $26 a year ago. In addition, a higher than usual proportion of the syrup produced has been of the dark, so-called Grade C variety, rather than the premium lighter grades which customers traditionally prefer.

The reason for the price hike is not hard to pin down. Vermont maple syrup output plummeted this year to 338,000 gallons from 525,000 in 1985. Similarly, in New York, the second largest US producer, output dropped to 262,000 gallons from 315,000 a year ago. In fact, experts state that unseasonably warm weather conditions in the north east during the key March harvest period were far more to blame than sick trees for the decimated crop. Ideal syruping weather, they add, would be a sequence of frosty nights and cool days with the temperature just above freezing, which would induce the sap to run.

LONDON MARKETS

COPPER provided the main interest on a generally quiet London Metal Exchange yesterday. Freer availability of nearby supplies and stronger sterling against the dollar pushed prices lower, in spite of a substantial cut in LME warehouse stocks last week. The cash price closed £12.50 down at £923.50 a tonne, the lowest closing level for nearly three weeks. In contrast tight nearby supplies steadied the lead market and the cash commodity market was at £361.50 a tonne, regaining £2.50 of Friday's £12 decline. The shortage of nearby supplies was reflected in a widening of the cash premium over three months lead from £27.50 to £31.25 a tonne. The soft commodity markets were also generally quiet, the most notable movement being March coffee's £14.50 fall to £1,767.50 a tonne, which halted a modest rally over the last few days. Dealers attributed the renewed downtrend to sterling's strength and speculative selling. But they said conditions remained very quiet with the approach of the Christmas break.

LME prices supplied by Amalgamated Metal Trading.

INDICES

REUTERS

Dec. 19	Dec. 18	M'th ago	Year ago
1647.5	1645.7	1608.1	1775.9

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Dec. 19	Dec. 18	M'th ago	Year ago
Spot	115.84	115.86	—	124.12
Fut	114.28	115.31	—	130.46

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Dec. 22 1986	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1135/1155	−15	$1130/1150
Copper			
Cash Grade A	£923.5	−12.5	£921
3 mths	£943.5	−11.25	£946.25
Gold Troy oz	$393.75	−0.25	$381.75
Lead Cash	£361.5	+2.5	£336.75
3 mths	£330.25	−1.25	£335.25
Nickel			
Free Mkt	159/164c		164/184c
Palladium oz	$118.50	−0.5	$118.20
Platinum oz	$483.25	−1.25	$472.50
Quicksilver†	$150/160		$160/175
Silver troy oz	375.15p	+0.2	371.20p
3 mths	384.65p	+0.35	381.55p
Tin			
Free Mkt	£4400/4500	+10	£4440/4500
Tungsten	$42.10		$45.57
Wolfram 22.04lb	$41/45		$52/42
Zinc	£580.5		£566.5
3 mths	£556.5	+0.75	£552.5
Producers	$870		$820
OILS			
Coconut (Phil)	$400x	+10	$430
Palm Malayan	$306z		$315
Copra Phil	$260		$260
Soyabean (U.S.)	$146		$154
GRAINS			
Barley Fut. Mar.	£113.20	−0.20	£114.30
Maize	£142.00		£147.50
Wheat Fut. Mar.	£112.45	−0.45	£113.60
No. 2 Hard Wint.			‡
OTHERS			
Cocoa Ft. Mar.	£1438.5		£1467.5
Coffee Ft. Mar.	£1767.5	−14.5	£2116.5
Cotton A Ind.	51.80c	+0.3	53.30c
Gas Oil Feb.	$142.5	+4	$128.75
Rubber (kilo)	64.75p	−0.5	63.5p
Sugar (raw)	$143x	−3.5	$148.5
Wooltops 64s	473p kilo		465p kilo

‡ Unquoted. † Per 75 lb flask. c Cents a pound. * Cotton outlook. x Jan-Feb. z Dec-Jan. u Jan. w Feb. y Feb-March.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	783.5-4	−5.5	785/782
3 months	799-9.5	−8	800/798

Official closing (am): Cash 782.5-3 (780-80); three months 798-9.5 (803-4); settlement 783 (780). Final Kerb Close: 798-9.5. Turnover: 7,850 tonnes.

COPPER

Grade A	Unofficial close	+ or −	High/Low
Cash	923-4	−12.5	923.5/923.5
3 months	943-4	−11.25	949/943

Official closing (am): Cash 928-9.5 (933-3.5); three months 949-9.5 (952.5-3); settlement 929.5 (933.5). Final Kerb Close: 943-3.5.

Standard			
Cash	895-8	−8.5	
3 months	921-3	−8.5	926

Official closing (am): Cash 900-1 (903-4); three months 925-6.5 (928-31); settlement 901 (904). US Producer prices 63-65 cents per pound. Total turnover: 26,275 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	361-2	+2.5	365
3 months	330-0.5	−1.25	332/329

Official closing (am): Cash 365-7 (360.5-6); three months 330.5-1 (332-2.5); settlement 367 (360). Final Kerb Close: 329.5-30. Turnover: 4,850 tonnes. US Spot: 24-29 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2445-5	−21.5	
3 months	2510-5	−19	2510/2480

Official closing (am): Cash 2460-5 (2485-90); three months 2520-1 (2540-5); settlement 2465 (2490). Final Kerb Close: 2510-15. Turnover: 582 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	580-1		582/581
3 months	556-7	+0.75	558/552

Official closing (am): Cash 581-2 (581-2); three months 557-8 (557-8); settlement 582 (582). Final Kerb Close: 552-3. Turnover: 9,050 tonnes. US Prime Western: 44-44.75 cents per pound.

TIN

Kuala Lumpur Tin Market: Close 16.63 (16.64) ringgit per kg. Down 0.01 ringgit per kg.

GOLD

Gold rose $¼ to $393¾-394 on the London bullion market yesterday. It opened at $393¾-394¼ and traded at $393.35 in the morning and $394.15 in the afternoon. The metal touched a low of $392¾-393 and a high of $397-397¼ on speculative buying as a result of the Opec production agreement.

GOLD BULLION (fine ounce) Dec. 22

Close	$393¾-394	(£273¾-273¾)
Opening	$393¾-394¼	(£273½-273¾)
M'n'g fix	$393.35	(£272.966)
Aft'n'n fix	$394.15	(£273.190)

GOLD AND PLATINUM COINS

[illegible]

SILVER

Silver was fixed 0.2p an ounce higher for spot delivery in the London bullion market yesterday at 375.15p. US cent equivalents of the fixing levels were: spot 540.75c, up 3.25c; three-month 549.1c, up 3.9c; six-month 558.85c, up 3.55c; and 12-month 572.45c, up 4.70c. The metal opened at 372-374p (537-539c) and closed at 372½-374p (537-539c).

Silver per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	375.15p	+0.2	373.5p	−2.5
3 months	384.65p	+0.35	382.5p	−3
6 months	395.00p	+0.25		
12 months	415.70p	+0.9		

LME—Turnover: 0 (5) lots of 10,000 ozs. Three months final kerb 381-3p.

SOYABEAN MEAL

	Yest'rdy's close	+ or −	Business done
	£ per tonne		
Feb	122.5-123.5	−0.75	—
April	122.0-122.5	−0.75	—
June	121.0-121.5	−0.75	—
August	121.5-122.0	−0.75	—
October	122.5-123.0	−0.75	—
Dec	123.5-125.5	−0.75	—

Sales: 0 (146) lots of 20 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales for the week commencing December 15 amounted to 271 tonnes against 1,331 tonnes in the previous week. Fair operations brought business in Peruvian, Chinese, Turkish and North and West African growths.

COCOA

With over half of a low volume being exchanged, the day was quiet and futures ended a drab day virtually unchanged to the previous close, reports Gill and Duffus.

Cocoa	Yesterday's close	+ or −	Business Done
	£ per tonne		
Dec	1400-1403	—	1405-1400
March	1435-1436	—	1440-1434
May	1457-1458	−0.5	1464-1456
July	1481-1483	−1.0	1485-1480
Sept	1502-1505	−1.0	1508-1502
Dec	1525-1530	−1.0	1536-1530
March	1555-1559	−1.0	1560-1550

Sales: 1,814 (1,099) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for December 22: 89.38 (89.33); five-day average for December 23: 89.36 (89.30) cents per pound. Daily price 1636.40 (1638.64); 10-day average 1637.57 (1638.75) SDRs per tonne.

COFFEE

Persistent commission house selling kept levels depressed in thin trading conditions, reports Drexel Burnham Lambert. After a promising opening, reflecting a steady New York close on Friday, the London market could not maintain values as light commission house selling slowly eroded any gains.

Coffee	Yesterday's close	+ or −	Business Done
Jan	1790-95	−8.5	1835-1785
Mar	1765-70	−14.5	1805-1767
May	1780-85	−10.0	1815-1780
July	1800-30	+16.0	1850-1815
Sept	1835-40	+12.5	1850-1840
Nov	1860-60	+18.0	1860-1850
Jan	1850-90	+50.0	—

Sales: 2,193 (4,300) lots of 5 tonnes. ICO indicator prices (US cents per pound) for December 19: Comp daily 1979 127.90 (128.89); 15-day average 132.76 (132.70).

POTATOES

The market opened unchanged but drifted lower in thin volume with little interest or direction, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	107.50	108.50	—
Apr	157.70	153.20	155.00-151.50
May	170.30	171.50	171.50-170.50
Nov	86.50	86.50	87.00
Feb	95.50	100.00	—

Sales: 366 (714) lots of 40 tonnes.

GRAINS

	WHEAT		BARLEY	
Mnth	Yesterday's close	+ or −	Yest'rdy's close	+ or −
Jan	109.65	−0.20	110.45	−0.30
Mar	112.45	−0.45	113.20	−0.55
May	115.10	−0.20	114.55	−0.20
July	117.40	−0.15	—	
Sep	101.15		100.00	−0.05
Nov	103.90		103.00	−0.05
Jan	106.10		106.90	−0.05

Business done—Wheat: Jan 110.00-9.80, Mar 112.65-2.65, May 115.20-5.10, July, Sept, Nov and Jan untraded. Sales: 1,187 lots of 100 tonnes. Barley: Jan 110.65-10.45, Mar 112.25-2.20, May 114.55, Sept untraded, Nov 103.00, Jan untraded. Sales: 414 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent Jan 108.75, Feb 108.50, Mar 108.75. US no 2 soft red winter Dec 107.75 sellers. French 11½-12 per cent Dec 114.75. English feed fob Jan/June 115.00 buyer, Jan/Mar 115.75, April/June 118.25 sellers. Maize: US no 3 yellow/French transhipment east coast Dec 142.00. Barley: English feed fob Jan 115.00/115.50 buyer/sellers, Feb 115.00 buyer, Jan/Mar 116.00 seller Scottish, 117.00 English.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 110.00, E Mids 111.00, Scotland 107.20. The UK monetary coefficient for the week beginning Monday December 29 (based on HGCA calculations using four days' exchange rates) is expected to be unchanged.

RUBBER

PHYSICALS — The market opened quietly steady, attracted little interest throughout the day and closed very quiet, reports Lewis and Peat. Closing prices (buyers): Spot 64.75p (65.00p); Jan 62.75p (63.00p); Feb 63.00p (63.25p). The Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 220 (219.5) and SFM 20 198.5 (200).

FUTURES—Index 669, Jan 665-675, Jan-March 670-690, April-June 680-690, July-Sept 688-701. Sales: Nil.

OIL

February Brent opened $1.50 up on Houston's close to trade at $18 early in the morning but soon softened to trade around $17.40 for most of the day. February WTI opened 91c up on Nymex and traded 86c up at 1.30 pm EST. In the petroleum products market all products firmed in reaction to the Opec accord—Petroleum Argus, London.

	Latest	Change + or −
CRUDE OIL—FOB($ per barrel)—Jan.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	15.85-16.00	+0.70
Brent Blend	17.00-17.10	+0.80
W.T.I. (1pm est)	17.15-17.25	n.a.
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	153-156	+5.5
Gas Oil	135-137	+5.5
Heavy fuel oil	90-93	+9.5
Naphtha	140-142	+9

* February Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'rdy's close	+ or −	Business Done
	US $ per tonne		
Jan	138.25	+4.25	146.00-37.75
Feb	142.25	+4.00	149.50-41.75
Mar	143.00	+3.75	149.25-42.00
Apr	140.25	+3.25	146.00-40.25
May	139.00	+3.00	145.00-38.00
June	139.75	+2.75	—

Turnover: 5,494 (4,928) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yest'rdy's close	+ or −	Business Done
	US $ per tonne		
Jan	88.00	+5.00	88.00-87.50
Feb	87.00	+3.50	90.00-87.00
Mar	88.00	+4.00	88.00

Turnover: 20 (112) lots of 100 tonnes.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.35p per kg lw (+0.05). GB—Sheep 229.86p per kg est dcw (+12.54). GB—Pigs 80.00p per kg lw (+3.03).

FUTURES—Pigs: April 95.00, Aug 96.00. Sales: 8.

TEA

Thirty one thousand one hundred and fifty two packages were on offer at the London tea auction, including 1,600 packages in the offshore section, reports the Tea Brokers' Association. Assams continued to meet good competition and although plainer sorts shed 2-3p, colory mediums were strong and often gained several pence. A few brighter Bangladesh teas advanced but lesser varieties lost ground. Selected best liquoring East Africans held values but the remainder were 2-4p easier. Central Africans followed a similar pattern. Brighter Ceylon brokens met much improved demand and were substantially dearer but BOPFs generally lost 2-5p. Offshore teas received rather limited enquiry. Quotations: quality 175p a kg, nominal (175p); medium 150p a kg (150p); low medium 111p a kg (111p).

SUGAR

PARIS—(FFr per tonne): Mar 1134/1138, May 1172/1175, Aug 1215/1225, Oct 1245/1258, Dec 1285/1298, Mar 1326/1342.

No. 6 Contract	Yest'rdy close	Previous close	Business done
	$ per tonne		
Mar	137.2-137.4	135.6-135.8	137.4-135.8
May	141.4-141.6	139.8-140.2	141.2-140.0
Aug	145.8-145.8	144.2-144.4	145.8-144.6
Oct	149.6-149.8	148.6-148.4	149.6-148.8
Dec	152.0-154.0	152.0-154.6	154.8
Mar	162.0-165.0	161.0-164.8	—
May	169.0-171.8	165.0-170.8	—

Higher oil prices prompted by Opec's agreement steadied levels initially but low fixtures and general book-squaring checked the rally, reports Clarkson Wolff.

LONDON DAILY PRICE—Raw sugar $143.00 (£99.50), down $3.50 (down £3.00) a tonne for January-February delivery. White sugar $171.50, down $1.50.

Sales: 2,186 (2,951) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £202.00 a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for December 19: Daily price 5.36 (5.49); 15-day average 5.80 (5.84).

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
Jan.	686/687	690/686	681/686
April	718/719	725/719	719/720
July	614/625		621/625
Oct.	720/735	725/722.5	715/725
Jan.	720/728		715/725
Apr.	750/785	—	750/770
July	660/680	—	660/680
Oct.	750/780	—	745/785
BFI.	694.5		695

Turnover: 87 (38).

Japanese gold imports sink back

JAPANESE GOLD imports, excluding coins, fell steeply to 8.75 tonnes in November from 70.25 tonnes in October and 22.21 tonnes a year earlier, Finance Ministry customs-cleared trade statistics show.

Trade sources said the decline was due to completion of Government imports in October for additional coin issues next year to commemorate the 60th year of Emperor Hirohito's reign.

Cumulative January-November imports were a record 569.3 tonnes against 171.3 a year earlier.

US MARKETS

CRUDE OIL futures opened steady but not as strong as expected, reports Drexel Burnham Lambert. The big question now is whether or not the world price can hit $18 a barrel, and yesterday's action reflected that concern. Good trade and commission house buying saw prices rally early in the session before commission house selling and profit-taking, perhaps with the fear that the market may be overbought, coupled with the underlying gap on the charts between $16.90 and $17.24, basis March, depressed values. On the metals, gold, copper and silver all followed crude oil, but once crude's advance faltered, they tended to drift lower on profit-taking. Gold failed to make headway towards the significant resistance area commencing at $404, basis February, but held above the support at $392. Copper opened steady but mixed selling touched off stops to push prices lower than Friday's close. Platinum futures sold off as speculative selling emerged, but significant scale-down support was noted, which held the decline.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	50.05	50.10	—	50.60
Jan	50.25	—	—	50.20
Feb	50.45	—	—	50.40
March	50.80	50.70	50.65	50.85
May	50.70	50.75	50.70	50.75
July	50.95	—	—	51.00
Sept	51.15	—	—	51.20
Dec	51.35	—	—	51.40
Jan	51.55	—	—	51.60
March	51.70	—	—	51.75

COCOA 10 tonnes, $/tonne

	Close	High	Low	Prev
Dec	1972	—	—	1976
March	1879	1883	1866	1879
May	1905	1915	1901	1908
July	1927	1938	1928	1933
Sept	1949	—	—	1955
March	1997	—	—	2003

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
March	138.23	139.50	138.40	139.88
May	140.00	140.49	139.35	140.31
July	140.85	141.25	140.60	141.20
Sept	141.88	142.50	141.80	140.88
Dec	143.88	—	—	141.00
March	142.00	—	—	142.00
May	143.25	—	—	142.50

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	60.00	60.20	59.90	60.25
Jan	59.95	59.95	59.85	60.20
Feb	60.30	—	—	60.55
March	60.65	60.95	60.35	60.85
May	61.25	61.45	60.90	61.40
July	61.60	61.90	61.46	61.75
Sept	61.90	61.75	61.75	62.05
Dec	62.35	62.30	62.20	62.55
Jan	62.60	—	—	62.80
March	62.90	—	—	63.10

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	56.40	56.82	56.25	56.28
May	56.55	56.95	56.40	56.50
July	56.55	56.95	56.55	56.60
Oct	56.63	56.65	56.65	56.58
Dec	56.35	56.60	56.35	56.40
March	56.95	56.85	56.85	56.90
May	57.30	—	—	57.20

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
Feb	17.20	17.50	17.10	16.39
March	17.35	17.54	17.26	16.54
April	17.36	17.60	17.22	16.61
May	17.30	17.47	17.20	16.62
June	17.21	17.40	17.15	16.62
July	17.12	17.46	17.05	16.62
August	17.30	17.30	17.30	16.62
Sept	17.27	—	—	16.62

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	393.1	398.0	393.0	392.9
Jan	394.7	396.0	396.0	394.2
Feb	396.3	400.8	394.6	395.8
April	398.8	404.5	398.1	399.2
June	403.2	408.0	402.0	402.5
August	405.6	405.0	406.0	405.8
Oct	409.9	—	—	409.0
Dec	413.5	418.0	413.5	412.6
Feb	417.1	419.0	416.4	416.2
June	424.9	—	—	424.0
Oct	409.9	—	—	409.0

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Jan	47.17	47.50	46.80	46.18
Feb	48.17	48.17	47.70	46.77
March	47.77	47.77	47.40	46.77
April	47.10	47.10	46.48	46.16
May	46.50	46.20	45.90	44.20
June	45.80	46.45	45.80	43.85
July	45.30	46.30	45.30	43.70

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	129.90	130.00	125.40	129.25
March	131.90	132.25	131.80	131.88
May	133.10	133.35	133.00	132.75
July	133.20	133.80	133.00	133.25
Sept	133.70	133.75	133.05	133.25
Jan	134.25	—	—	134.50

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	478.8	481.0	479.0	474.7
Jan	477.0	486.0	476.0	474.7
April	481.2	487.5	480.5	478.4
July	484.2	491.0	488.0	481.9
Jan	491.7	493.5	493.5	489.3

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Dec	536.7	542.5	535.5	537.8
Jan	539.0	540.0	543.0	539.5
Feb	541.5	—	—	542.1
March	544.0	550.0	542.5	544.5
May	549.5	556.9	547.0	549.9
July	554.8	560.0	553.0	555.2
Sept	560.7	—	—	561.0
Dec	569.5	575.5	568.0	569.7
Jan	572.6	—	—	572.8
March	578.5	584.0	584.0	578.7

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	5.26	5.30	5.26	5.33
March	6.11	6.12	6.02	6.04
May	6.28	6.30	6.20	6.22
July	6.45	6.45	6.38	6.38
Sept	6.58	6.63	6.43	6.41
Oct	6.68	6.71	6.53	6.61
Jan	6.78	—	—	6.71

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	55.67	56.15	55.90	56.22
April	55.60	56.10	55.50	56.17
June	54.95	55.50	54.90	55.52
Aug	54.40	54.85	54.25	54.85
Oct	53.70	54.00	53.70	53.90

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	48.60	49.45	48.50	49.75
April	43.92	44.85	43.77	45.15
June	46.15	46.60	45.65	46.82
Aug	43.32	44.00	43.20	44.07
Oct	40.20	40.90	40.20	41.05

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
March	163.6	164.0	162.2	162.2
May	171.0	171.0	169.2	169.4
July	175.0	176.0	172.2	173.4
Sept	179.0	179.2	177.4	177.2
March	191.0	191.0	189.0	188.5
May	194.0	194.0	193.2	—

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	66.77	68.75	66.77	68.77
March	65.90	67.55	65.50	67.90
May	66.32	68.30	66.32	68.32
July	64.67	66.45	64.67	66.67
August	62.25	63.40	62.25	64.25

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Jan	480.2	480.5	486.4	486.6
March	482.2	482.4	486.6	488.4
May	485.0	485.0	491.0	481.9
July	486.2	487.0	482.8	483.9
August	485.6	485.6	483.8	482.0
Sept	487.8	488.0	486.9	485.0
Nov	487.6	488.4	485.2	485.9
Jan	495.4	—	—	492.6

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Jan	142.3	143.0	141.8	142.2
March	142.0	142.4	141.6	141.8
May	142.8	142.8	142.3	142.3
July	143.0	143.3	142.7	142.8
August	143.2	143.3	142.9	142.8
Sept	143.7	143.7	143.7	143.0
Oct	143.9	144.9	143.9	143.2

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Jan	15.31	15.37	15.08	15.13
March	15.86	15.72	15.36	15.44
May	15.92	16.00	15.65	15.72
July	16.10	16.17	15.86	15.90
August	16.10	16.10	15.81	15.89
Sept	16.03	16.03	15.89	15.85
Oct	15.90	15.90	15.95	15.70
Jan	15.96	15.90	16.00	15.72

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	277.2	277.6	272.2	272.8
May	264.2	264.4	259.6	258.6
July	246.8	247.0	244.2	243.6
Sept	248.0	248.0	247.4	246.0
March	277.2	277.4	272.2	272.6

SPOT PRICES—Chicago loose lard 14.00 (same) cents per pound. Handy and Harman silver bullion 535.5 (538.0) cents per troy ounce.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak in quiet trading

THE DOLLAR continued the downward trend begun in the US on Friday. Selling of the US currency was sparked by forward trading on the International Monetary Market in Chicago before the weekend. It fell below DM 2.00, and there was insufficient commercial demand in Europe yesterday to reverse the situation. There were no new factors, and dealers seemed surprised at the extent of the dollar's decline. Economic fundamentals were expected to pull the dollar down in the New Year, but it was generally felt that technical demand, to square books ahead of the holiday period would prevent such a sharp fall. Trading was thin and volatile, with the agreement at the weekend by ministers from the Organisation of Petroleum Exporting Countries, to cut oil production in an attempt to boost prices, having only a limited impact.

The dollar fell to DM 1.9780 from DM 2.0060; to FFr 6.4973 from FFr 6.5725; to SFr 1.6565 from SFr 1.6845; and to Y162.75 from Y163.15.

On Bank of England figures the dollar's index fell to 108.9 from 110.8.

STERLING—Trading range against the dollar in 1986 is 1.555 to 1.3700. November average 1.4258. Exchange rate index fell 0.1 to 68.5, compared with 73.7 six months ago.

Sterling failed to gain any strong advantage from the Opec oil production agreement. The pound improved against the dollar, but lost ground to the D-Mark and other members of the European Monetary System. Sterling tended to suffer because of the weakness of the dollar, while the market was also nervous ahead of today's UK trade figures for November.

The pound gained 80 points to $1.4415-1.4425, but fell to DM 2.8535 from DM 2.8750; to FFr 9.37 from FFr 9.42; and to SFr 2.3925 from SFr 2.4150. On the other hand sterling rose to Y234.50 from Y233.75.

D-MARK—Trading range against the dollar in 1986 is 2.4710 to 1.9660. November average 2.0227. Exchange rate index 143.9 against 134.7 six months ago.

The D-Mark rose against the dollar in Frankfurt. The West German Bundesbank did not intervene when the dollar was fixed at DM 1.9658, compared with DM 2.0025 on Friday. The US currency found temporary support at DM 1.9850, but then fell quickly to around DM 1.9850, in very quiet trading. Dealers said the dollar's weakness could have been prompted by the liquidation of long positions against the Swiss franc. At the Frankfurt fixing the Swiss franc also improved against the D-Mark, rising to DM 1.1955 from DM 1.1907.

The West German trade figures tended to depress the dollar, for fear of further disappointing US figures, for November, on December 31. West Germany's current account surplus widened to DM 8.8bn in November from DM 8.3bn in October. The trade surplus fell to DM 10.2bn from DM 10.7bn.

JAPANESE YEN—Trading range against the dollar in 1986 is 202.70 to 152.35. November average 162.77. Exchange rate index 204.0 against 205.7 six months ago.

The yen showed little change against the dollar in Tokyo yesterday. The US currency closed at Y163.10, compared with Y163.15 on Friday. Trading was quiet ahead of the Christmas holiday period. Dealers said the dollar and sterling were supported by the Opec production agreement, but this was not a strong enough factor to push the currencies sharply higher. Reaction in Tokyo to the Opec accord seemed to be on a wait and see basis. Japan is a very large oil importer, but the refusal of Iraq to join the agreement, led to hopes that the Opec goal of $18 a barrel would be hard to achieve.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu December 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1139	43.2885	+0.40	+1.06	±1.5368
Danish Krone	7.81701	7.87442	+0.73	+1.39	±1.6403
German D-Mark	2.11083	2.08027	−1.45	−0.88	±1.1127
French Franc	6.87316	6.82904	−0.64	+0.02	±1.3659
Dutch Guilder	2.37833	2.35174	−1.12	−0.46	±1.5059
Irish Punt	0.764976	0.764788	−0.02	+0.64	±1.6685
Italian Lira	1476.95	1443.03	−2.30	−1.95	±4.0734

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Dec 22	Latest	Previous Close
£ Spot	1.4415-1.4425	1.4310-1.4320
1 month	0.54-0.53 pm	0.48-0.47 pm
3 months	1.79-1.24 pm	1.65-1.62 pm
12 months	6.35-6.25 pm	6.48-6.35 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST THE POUND

Dec. 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4370-1.4450	1.4415-1.4425	0.36-0.32c pm	2.83	1.53-1.48c pm	4.17
Canada	1.9835-1.9885	1.9860-1.9870	0.52-0.41c pm	2.81	1.34-1.19 pm	2.55
Netherlands	3.23-3.25½	3.22-3.23	1½-1¼c pm	4.65	4¼-4pm	4.88
Belgium	59.30-60.00	59.30-59.40	20-14c pm	3.44	53-43pm	3.17
Denmark	10.79½-10.90	10.79½-10.80½	1½-1ore pm	1.46	4¼-3½pm	1.44

FINANCIAL FUTURES

Gilt prices firmer

هكذا منه الأصل

GILT FUTURES improved in the London International Financial Futures Exchange yesterday on news of an agreement in Opec to cut oil production. Values were marked up at the start and managed to finish towards the day's high despite reservations about how well the new set of output quotas would be adhered to.

Trading volume was respectable, considering the proximity of Christmas and the New Year and the day's firmer trend appeared to be little affected by sterling's inability to capitalise on the news from Opec.

The March long gilt opened at 110-31 up from 110-05 on Friday and touched a high of 111-12 before finishing at 111-11.

Trading volume in US Treasury bond futures was very light and only a small improvement was achieved from Friday's closing levels. There were fears that higher oil prices could ultimately filter through to the rate of inflation and compromise any hopes of a cut in the US discount rate in the opening months of next year. The March price opened at 99-15 compared with 99-13 on Friday and touched a low of 99-08 before finishing at 99-17.

Three-month sterling deposits were a little firmer, helped by the Opec news. The latter also helped to offset some of the concern about sterling's traditional performance in January. In recent years the pound has come under severe pressure in the New Year prompting a rise in cash rates. The latter were slightly easier where changed yesterday but it was difficult to make any clear assessment owing to the proximity of Christmas and the New Year.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar	Puts—Last June
100	11.22	11.39	0.00	0.09
102	9.24	9.48	0.02	0.19
104	7.28	8.01	0.06	0.35
106	5.38	6.25	0.16	0.59
108	3.60	4.61	0.38	1.31
110	2.35	3.46	1.13	2.16
112	1.33	2.44	2.11	3.14
114	0.51	1.56	3.29	4.26

Estimated volume total, Calls 637 Puts 117
Previous day's open int, Calls 11,469 Puts 8,367

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Mar	Calls—Last June	Puts—Last Mar	Puts—Last June
90	9.36	8.59	0.02	0.19
92	7.40	7.13	0.06	0.37
94	5.50	5.40	0.16	1.00
96	4.08	4.16	0.38	1.40
98	2.47	3.06	1.13	2.38
100	1.42	2.18	2.08	3.34
102	0.59	1.29	3.25	4.53
104	0.29	0.60	4.59	6.20

Estimated volume total, Calls 45 Puts 1
Previous day's open int, Calls 826 Puts 447

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Dec.	Calls—Last Jan.	Puts—Last Dec.	Puts—Last Jan.
15500	9.60	—	0.00	—
15750	7.15	9.91	0.00	0.11
16000	4.65	7.60	0.00	0.30
16250	2.15	5.50	0.00	0.70
16500	0.00	3.71	0.35	1.41
16750	0.00	2.30	2.85	2.50
17000	0.00	1.30	5.35	4.00
17250	0.00	0.67	7.85	5.87

Estimated volume total, Calls 6, Puts 17
Previous day's open int, Calls 636, Puts 391

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last Jan	Feb.	Mar.	June	Puts—Last Jan.	Feb.	Mar	June
1.30	14.20	14.20	14.20	14.20	0.00	0.00	0.04	0.67
1.35	9.20	9.20	9.20	9.20	0.01	0.06	0.32	1.72
1.40	4.20	4.20	4.20	4.75	0.29	0.65	1.38	3.60
1.45	1.00	1.16	1.63	2.56	2.17	2.86	3.83	6.43
1.50	0.09	0.18	0.46	1.23	6.26	6.88	7.66	10.10
1.55	—	—	0.09	0.53	—	—	12.29	14.40
1.60	—	—	0.01	—	—	—	17.21	—

Estimated volume total, Calls 0 Puts 0
Previous day's open int, Calls 1,355 Puts 781

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Jan.	Feb.	March	June	Puts—Last Jan.	Feb.	March	June
1.35	9.60	9.60	9.60	9.60	0.25	0.25	0.45	1.45
1.40	4.60	4.60	4.70	5.15	0.25	0.65	1.35	3.10
1.45	0.90	1.20	1.75	2.55	1.75	2.65	3.60	5.90
1.50	—	—	0.65	1.20	—	—	7.50	9.60
1.55	—	—	—	—	—	—	—	—
1.60	—	—	—	—	—	—	—	—
1.65	—	—	—	—	—	—	—	—

Previous day's open int: Calls 858, Puts 30
Volume: 10

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on December 22, 1986. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

MONEY MARKETS

UK rates show little change

TRADING WAS quiet ahead of Christmas and the year end in the London money market yesterday. Some period rates dipped slightly on news of the possibility of higher oil prices and also a better showing in the opinion polls by the Conservative Party. Three-month interbank money was quoted at 11 1/16-11 1/8 per cent compared with 11 3/16-11 1/8 per cent. Overnight money traded between a high of 10¾ per cent and a low of 3 per cent.

UK clearing bank base lending rate 11 per cent since October 15

The Bank of England forecast a shortage of around £150m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £847m. These were partly offset by Exchequer transactions which added £350m, a fall in the note circulation of £340m and the banks' balances brought forward £10m above target.

The forecast was revised to a shortage of around £100m and the Bank gave assistance in the morning of £106m through outright purchases of £6m of eligible bank bills in band 2 at 10 13/16 per cent and £82m in band 3 at 10¾ per cent. In band 4 it bought £8m of local authority bills and £10m of eligible bank bills all at 10 11/16 per cent.

In the afternoon the forecast was revised to a shortage of around £200m, before taking into account the morning help and the Bank gave additional assistance in the afternoon of £80m through outright purchase of eligible bank bills in band 2 at 10 13/16 per cent. Late help came to £30m, making a total of £216m.

In Frankfurt call money was quoted around 5.50 per cent. While the market was still feeling the affects of end of year demand for short term money, caused by large tax payments and a seasonal rise in the note circulation, conditions were a little easier because of wage payments made ahead of the year end. However dealers remained sceptical about the chances of short term money rates returning to earlier levels. This reflected a feeling that the Bundesbank may be trying to implement a slightly higher interest rate structure to combat an over run in West German money supply.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1986 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102½	100	Exch. 13¼pc 1987	100 xd	–	13.24	9.74
100¾	97	Treas 10¼pcCv '87	99	—	10.28	11.55
98	92	Exch 2½pc 1987	98¾	...	2.53	10.03
101⅛	97½	Exch. 10½pc 1987	99	+	10.52	10.98
98¼	93¾	Funding 6½pc 85-87	98¼	...	6.58	10.14
101½	96	Treas. 10pc 1987	99	+	10.04	10.98
97	90⅞	Treas 3pc 1987	97xd	...	3.09	8.69
104½	99⅜	Treas. 12pc 1987	100¾	+	11.91	11.01
99¼	92	Treas 7¾pc 1985-88‡‡	97 xd	+	7.98	10.72
104	96¼	Exch 10½pc '88	99	+	10.57	11.14
102¾	95	Treas 9¾pc Cv '88	98	+¼	9.93	11.09
94¼	86¼	Transport 3pc '78-88	92⅝xd	...	3.24	8.27
102½	93	Treas. 9½pc '88	97	+	9.76	11.12
107	98	Treas 11½pc 1989	100⅝	+¼	11.43	11.11
103½	93⅝	Treas 9½pc Cnv 1989	96	+	9.80	11.07
92¾	82	Treas 3pc 1989	88½	—	3.39	8.40
105	95	Treas 10½pc 1989	98	+	10.63	11.06
104½	94⅛	Exch 10pc 1989	97½	+	10.26	11.11
107	97	Exch 11pc 1989	99¾	+	11.03	11.08
93	84½	Treas 5pc 1986-89	88	–	5.62	9.57
110	94⅝	Exch 10¼pcCv '89	100½	+	10.20	10.03
114	103	Treas 13pc 1990‡‡	105 xd	+	12.36	10.99
108⅛	97⅛	Exch 11pc 1990‡‡	99	+	11.02	11.02
113¾	101	Exch. 12½pc 1990	103	+	12.03	11.02
89¼	79⅛	Treas. 3pc 1990	84¼	–	3.56	8.46
100	89⅛	Treas 8¼pc 1987-90‡‡	92	–	8.89	10.73
106	93	Treas. 10pcCv 1990	96¾	+	10.34	11.06
86	76½	Exch 2½pc 1990	81¼	+	3.07	8.15
112	99	Treas 11¾pc 1991	102 xd	+	11.49	11.04
94¼	83	Funding 5¾pc '87-91‡‡	86	–	6.62	9.58

Five to Fifteen Years

Over Fifteen Years

Undated

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PLANTATIONS

MINES

MINES—Continued

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
O.F.S.							
303	105	Beatrix Mines	277	−2	Q65c	♦	7.3
953	444	F.S. Cons. Gold 50c	794	−13	Q335c	2.3	59.4
240	95	Free State Dev. 12c	158	.....	Q15c	1.3	3.1
962	474	Harmony 50c	712	−5	†Q265c	3.0	12.0
200	98	Joel (H.J.) Gold RC.01	200	.....	—	—	—
135	45	Do. Class A (1987) Op	125	.....	—	—	—
157	50	Do. Class B (1988) Op	139	.....	—	—	—
481	178	Loraine R1	395	−6	Q150c	1.8	9.8
996	586	St. Helena R1	800	−16	Q420c	♦	16.3
601	313	Unisel	502	−13	Q190c	♦	11.7
For Welkom Gold Hldgs see Mines/Finance							
Diamond and Platinum							
£58	£32	Anglo Am. Inv. 50c	£52	.....	†Q810c	1.0	4.8
552	312	De Beers Df. 5c	523	−12	†Q55c	5.1	3.3
490	275	Do. 40pc Pf. R5	£3	−¼	Q200c	x	20.7
820	530	Impala Plat. 20c	780	−14	Q135c	2.5	5.4
675	410	Lydenburg 12½c	629	.....	Q104c	♦	5.2
835	500	Rus. Plat. 10c	718	−15	Q135c	1.6	6.0
Central African							
210	155	Falcon Z$0.50	195	.....	Q60c	♦	12.9
17	10	Wankie Col. Z$1	15	.....	vQ5c	13.6	14.0
26	10	Zam.Cpr.SBD0.24	11¼	.....	—	—	—
Finance							
98	65	Afex Corp SA $1.50	89	+5	Q7.5c	♦	3.0
£13	350	Ang. Am. Coal 50c	£5½	.....	Q240c	3.5	14.5
£11¼	530	Anglo Amer. 10c	£10	−⅛	†Q180c	2.0	5.7
£57½	£30⅝	Ang. Am. Gold R1	£49¾	−⅛	†Q1450c	1.1	9.0
£40	£21	Anglovaal 50c	£29	.....	†Q450c	3.5	4.8
33	11	Clogau Gold 10p	30½	−½	—	—	—
123	70	Cons. Afex Corp	90	.....	Q5½c	—	1.9
701	409	Cons. Gold Fields	672	+4	24.5	1.3	5.1
825	425	Gencor R1	775	.....	Q195c	1.2	7.8
£10¼	590	Gencor 40c	840	+3	†Q195c	2.2	7.3
33	18	Gold & Base 12½p	25	+1	—	—	—
£10¼	525	Gold Fields S.A. 5c	937	.....	Q160c	2.0	5.3
£87	£46	Jo'burg Cons. R2	£76½	−1	Q1200c	2.3	4.9
£12	530	Middle Wit 25c	£12	+¼	†Q156c	1.7	4.0
660	450	Minorco $BD1.40	575	.....	Q24c	1.7	2.9
575	250	New Wits 50c	425	.....	Q80c	1.6	5.8
£24¾	£10⅞	OFS Invs 1c	£20¾	+¼	Q875c	♦	13.1
21	5	Rand London 15c	6	.....	—	—	—
£25	825	Rand Mines R1	£11	.....	Q425c	2.8	12.0
425	200	Rand Min. Props. R2	268	.....	Q65c	1.9	7.5
100	44	Vogels 2½c	50	.....	Q30c	1.7	18.6
635	289	Welkom Gold Hldgs 50c	542	−8	Q234c	1.0	13.1
Australians							
7	1½	Abaleen Mins NL	6	.....	—	—	—
17	3	Afro-West A$0.20	13	.....	—	—	—
246	64	ACM 50c	246	+3	♦	—	—
66	6	Aquarius Expln NL	42	−2	—	—	—
11½	4	Asia Oil & Minerals	6½	+½	—	—	—
8½	4	Aust. Hydrocarbons NL	6	.....	♦	—	—
15	4	Australis Mng N.L.	13½	+½	—	—	—
68	28½	Austmin Res. NL	68	+2	20.1c	—	0.7
19	11	Artec Expln.	15	.....	20.1c	—	3.1
25	6½	Balmoral Res.	18	.....	—	—	—
450	135	Barrack Mines	395	+15	Q035c	♦	4.3
143	41½	Bond Corp	114	.....	Q8.3c	♦	3.4
153	89	Bougainville 1 Kina	145	.....	†Q14%	1.1	4.5
62	38	Brunswick A$1	68	.....	—	—	—
355	213	CRA $2	342	+1	Q15c	1.7	‡
88	40	Carr Boyd 20c	69	+5	Q6c	1.4	4.1
29½	16	Central Pacific	21	+½	—	—	—
30	11½	Cons Gld Mg Areas NL	28	.....	♦	—	—
28	7	Cultus Res NL A$2	27xr	+1	—	—	—
5	2½	Eagle Corp 10c	3½	.....	—	—	—
19½	6	Eastern Petrol Aus	16	−½	—	—	—
132	15	Eastmet A$0.20	132	.....	—	—	—
305	112	Emperor Mines	271	−16	Q6c	—	1.0
16	8	Endeavour 20c	12½	−½	—	—	—
45	12	Enterprise Gld	43½	.....	—	—	—
95	25	Forsayth NL	88	+1	—	—	—
62	24	Gem Exp & Minerals	50½	+3	—	—	—
758	315	GM Kalgoorlie 25c	758	+10	‡Q50c	—	‡
60	17	Great Victoria Gold	60	+1	—	—	—
5	1½	HMC Aust NL 20c	4½	.....	—	—	—

Tins

Miscellaneous

NOTES

... payment. † Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv 20p	60	.....
Craig & Rose £1	£14¼	.....
Finlay Pkg. 5p	47	.....
Holt (Jos) 25p	820	.....
IoM Stm. £1	76	.....
IRISH		
Fund 13¼% 1988	£97⅛	.....
Nat. 9¾% 84/89	£91⅞	.....
Fin. 13% 97/02	£98¾	.....
Arnotts	365	+15
CPI Hldgs	42	.....
Carroll Inds.	141	.....
Dublin Gas	10	.....
Hall (R. & H.)	100	−2
Heiton Hldgs.	27	.....
Irish Ropes	145	−5
Unidare	205	.....

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LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec 8	Dec 18	Dec 19	Jan 5
Dec 22	Jan 8	Jan 9	Jan 19
Jan 12	Jan 22	Jan 23	Feb 2

* New time dealings may take place from 9.00 am two business days earlier.

Oil stocks lead sharp rise in equity market while Government bonds gain one point

The UK securities markets responded vigorously to the Opec output and pricing agreement, which is expected to benefit sterling and thus reduce upward pressure on British interest rates.

Government bonds gained about one point and a strong advance in the stock market was led by oil shares. Turnover was moderate in both sectors, however, as the City braced itself for the extended trading account which spans the Christmas break.

The advance in equities was helped by the latest Gallup poll, showing the Government in a convincing lead, and by a report from the Confederation of the British Industries (CBI) that the rate of increase in manufacturing wage settlements has fallen to a ten-year low.

Stocks opened sharply higher and advanced throughout the session to extend gains in late dealings. The FT-SE 100 index gained 20.0 1652.2, and the FT Ordinary index 14.0 to 1286.1.

A temporary problem with the Topic data base led to a 15 minute period when SEAQ prices were "indicative only." There was also a hitch with some Mercury phone lines on the Exchange's internal STX system.

The lead for the equity market came from energy-related issues, with oil stocks attracting some good investment demand from domestic and international institutions.

On turnover of 5.5m shares, BP moved ahead, but Shell, although sharply higher, attracted turnover of only 725,000 shares. With Brent oil prices touching $18 at midday, North Sea oil stocks were in demand. Britoil moved up, on turnover of 12m shares, and RTZ, with substantial North Sea interests, rose sharply with 1.3m shares traded.

British Gas, now an energy stock from the point of view of market ratings, added 1½ to 63¾p, with turnover of 93m continuing to dwarf the rest of the market.

Elsewhere, there were few features. Unilever advancing sharply on thin turnover (386,000 shares) and Glaxo remaining little changed and subdued after last week's excitement.

Government bonds opened sharply higher, and saw some retail demand from overseas. Near dated issues moved up as the danger of a rise in UK rates faded further away, while gains in longer dates reflected similar optimism for the longer term. The yield on 2007 maturities dipped to the 10.5 per cent range. Index-linked issues, however, were mixed after Friday's news of a new issue.

With the authorities now under no pressure to fund, the Treasury's decision to issue a further £100m tranchette of 10¼ per cent Exchequer convertible was clearly a technical decision. Buyers of this stock have been unable to obtain delivery for some weeks, and pressure had been building for action by the authorities.

Despite later softening in sterling, gilt-edged closed at the day's best levels, with net gains of a full point. The FT Government Securities index added 0.57 to 82.89.

Morgan Grenfell rally

Morgan Grenfell, which earlier this month were nervously sold down to 337p in the wake of Mr Geoffrey Collier's sudden departure and the DTI investigation into the affairs of Guinness, but have just recently regained some composure following the £49m cash acquisition of Cyrus J. Lawrence, a US broker, rallied afresh yesterday. The shares responded to weekend press comment and closed 12 better on balance at 393p. Elsewhere, investors continued to switch out of Lloyds and into Barclays which left the former unaltered at 437p, after 435p, and the latter 4 dearer at 503p. Midland ended 5 better at 577p as did NatWest, at 527p.

Consumer products company Mayborn staged a successful debut in the Unlisted Securities Market, the shares touching 111p at one stage prior to closing at 108p compared with the placing price of 102p.

Benson SBG, formerly Sheffield Brick, were reintroduced following the acquisition of Benson Heating Limited and settled at 25p following an opening price of 24p.

The prospect of record Christmas spending encouraged occasional demand for the Brewery leaders. Despite the current uncertainties, Guinness continued last Friday's recovery movement and put on 7 more to 284p xd: 3.7m shares were traded. Revived speculative demand left Vaux 18 higher at 482p.

Business among leading Buildings was in low key, but the majority managed modest gains. Blue Circle, however, were not inspired by reports that Australian building products group Boral intends to make an offer for its associate Blue Circle Southern Cement and the price shaded to 653p. BPB Industries edged up 2 to 522p, RMC rose 7 to 871p. Elsewhere, John Finlan, which recently announced a £5.2m property disposal, gained 6 to 85p as the company confirmed that it is at an advanced stage of negotiation to acquire a private concern; further details are expected shortly. Barratt and Ballantine firmed 2½ to 13p largely reflecting the efforts of a single buyer, while Countryside rose 6 to 465p in a market short of stock; the results due soon. Renewed demand lifted Ward Holdings 10 to 298p.

Stores buoyant

Leading retailers revived strongly as Press reports that stores are currently experiencing record pre-Christmas trading induced good support. Sentiment was also helped by news of the weekend Opec agreement which helped rekindle expectations of tax cuts in next year's Budget. Double-figure gains were fairly commonplace and Woolworth, which rose last week on the announcement of a joint operation with Rosehaugh property group to develop a number of Woolworth's high street stores, closed 20 higher at 685p. Storehouse jumped 15 at 276p xd and Burton advanced 14 at 270p xd. Marks and Spencer—nearly 6m shares changed hands—ended 5 to the good at 176p and Dixons put on 5 at 310p. Elsewhere, Body Shop gained 27 at 762p following publicity given to a broker's review.

Plessey, a major beneficiary of the Government's controversial decision to purchase the American Boeing AWAC system, attracted a sizeable demand—11m shares changed hands—and the close was 9 higher at 183½p. Racal, meanwhile, which will also benefit from the AWAC order, closed 4½ better at 178½p. GEC, whose Nimrod system lost out to the Americans, moved ahead strongly following favourable Press comment and a "buy" recommendation from broker's Credit Suisse Buckmaster Moore to close 7 higher on balance at 177p. Nearly 10m British Telecom shares were traded as news of the increased lead taken by the Conservatives in an opinion poll encouraged buyers and the close was 8 up at 211p. STC were also fairly active and 3 dearer at 173p. Thorn EMI gained 6 at 467p. Secondary Electricals provided some good features usually in response to Press comment. Multitone jumped 11 to 51p and Norbain rose 10 to 58p for this reason as did Imtec, at 21p, up 5. Comment on recovery prospects lifted Cifer 5 at 21½p.

Leading Engineers moved higher, but the volume of trade left much to be desired. Hawker met with further sporadic demand and put on 3 more to 432p, while Vickers hardened 5 to 388p and GKN a couple of pence to 263p. Elsewhere, Bullough continued to make progress in the wake of the recent preliminary figures and acquisition news and put on 5 further to 340p. TI were also wanted at 482p, up 7, while a weekend Press mention prompted a gain of 3 to 119p in Weir Group. G. M. Firth eased a couple of pence to 70p

Food Retailers made headway on seasonal consumer spending hopes. ASDA-MFI firmed 4 to 151p, as did J. Sainsbury, at 415p. Tesco improved 5 at 385p. Argyll displayed a similar rise at 312p, while Kwik Save added 3 to 245p. Elsewhere, Unigate were in demand and rose 6 to 315p, while Hazlewood Foods firmed 2 to 152p following acquisition news. Press comment boosted Park Foods, 5 higher at 169p, while increased half-year profits prompted a rise of 7 to 80p in Batleys. Chambers and Fargus were a penny dearer at 51p; Le Port Noir SA has increased its holding to 12.719 per cent.

Among Hotels, buyers returned for Trusthouse Forte, finally 3 better at 169p. Kennedy Brookes firmed 5 to 258p.

Pilkington improve

Pilkington, up 5 at 650p xd, attracted a fair amount of interest as buyers continued to look for an increased offer from BTR. Other leading miscellaneous industrials passed a relatively quiet session, particularly the pharmaceutical issues after last week's good performance. However, Beecham continued to edge higher and closed 5 to the good at 438p. Elsewhere, Fothergill and Harvey moved up 11 to 247p on hopes of an increased bid from Courtaulds as the latter extended its closing offer to 30 January 1987. Investment demand left F. H. Tomkins 13 to the good at 276p, while Wellcome, overlooked of late, improved to 223p. Weekend Press mention prompted a gain of 10 to 105p in Burndene. Others to respond to newspaper mention included Dalgety, 6 higher at 274p, Pearson, 8 dearer at 575p, and Smiths Industries, 8 to the good at 276p. Sibe rallied 9 to 745p on further consideration of last Friday's announcement of the acquisition of a majority stake in Ranco of the US. Kelsey Industries gained 10 to 310p in response to the increased annual dividend and profits, while Nash Industries, also helped by trading news, rose 6 to 141p. Dominion International, in contrast, eased a few pence to 100p after the interim statement. Extel came to life following a speculative flurry and closed 25 to the good at 428p.

Associated Newspapers shot higher as marketmakers were caught out following the stock's change of trading status yesterday. AN moved up from Gamma to a Beta rating, in which all quotes including size are firm. Further aggressive demand ahead of next month's preliminary statements exerted considerable pressure on traders' short positions and at the same time aroused speculation over AN's net asset value. Dealers hurriedly reduced the amounts of stock they were prepared to deal in and finally all six showed screen sizes of 1,000 shares either way. Morgan Grenfell has registered as a marketmaker and will be dealing soon. At the close of business, Associated were 25 up at 423p after a new peak of 428p. Elsewhere, BPCC found renewed support and rose 10 to 2550p. Mess Advertising stayed at 89p despite lower annual profits but Charles Barker improved 2 to 86p on suggestions that Saatchi and Saatchi, 5 better at 720p, could be interested in the company. Abbott Mead Vickers, 208p, and Trade Promotion, 188p, rose 5 and 7 respectively.

Attention in Properties focused on secondary issues. Standard Securities were outstanding and finally 27 higher at 200p following the announcement that the company is to bid for Hampton Trust. Hampton Trust gained 5 to 59p on news that Oldbrook Securities, a company controlled by two Hampton Trust directors, had acquired a further 100,000 shares in Hampton at 53p per share. Bradford Property attracted further demand and rose 15 to 485p.

Hopes of property developments in the near future drew fresh buyers to Earl's of Witney which advanced 5 more to a 1986 peak of 138p. J. Beales were another to extend recent firmness and closed 6 higher at 197p, which Hugh Mackay [illegible] put on 2 at 103p. Press mention coupled with news that a subsidiary had won a £1.5m contract from British Petroleum took S. Jerome up to 119p before the shares settled a net 3 dearer at 116p. The profit forecast contained in the formal offer document for Bulmer and Lumb helped Allied Textile improve 3 to 303p.

Far Eastern-orientated China and Eastern Investment were warmly supported and rose 8 to 120p, after 122p, while the Warrants touched 93p prior to closing 9 higher on balance at 70p. "Investing in Success" Equities responded to 685p up 28, on the offer from Sydney-based Pacifica Financial Trust. J. T. Parrish 12 better at 337p and United Trust and Credit 8 dearer at 430p.

The oil majors performed strongly following a surge in crude prices around midday which in turn reflected Opec's agreement late on Friday to cut oil output to 15.8m barrels per day for the first half of 1987. Although a shade below the best at the close gains of around 10 were common to British Petroleum, 714p and Shell 982p. Britoil did well at 170p, up 4, while Enterprise added 1½ more to 179½. Ultramar were 4 higher at 159p and LASMO a fraction dearer at 159p. Carless Capel jumped 6½ to 75½ and Clyde Petroleum gained 5 to 56p. Elsewhere, KC Gas encountered persistent buying interest on hopes that another bidder may emerge and the price advanced strongly to close 26 higher at 612p.

South African Golds edged higher in dollar terms, helped by the improvement in bullion which settled a net $0.25 higher at $393.75 an ounce. However, gold shares in sterling terms were generally a shade easier and the Gold Mines index showed a 2.2 decline at 309.2. A handful of the leading producers made progress in response to buying interest from the Continent. These included Randfontein, 983¾, Winkelhaak, £13¼, Southvaal, £29¾, and Libanon, £11⅞.

Interest faded in Platinums and Impala cheapened 14 to 780p and Rustenburg 15 to 710p.

Among miscellaneous mines, Anglo United touched 31p prior to closing a net 3 higher at 30p following news that Hillsdown Holdings, the UK food manufacturer, had taken a near-30 per cent stake in the company.

Many Australian gold issues moved to their best levels of the year. Whim Creek added 12 at 250p, Renison jumped 13 to 450p. Sons of Gwalia rose 5 to 383p and Gold Mines of Kalgoorlie put on 10 to 758p. Southern Resources closed 4 to the good at 72p reflecting news that in order to finance expansion of its gold interests in Western Australia the company has granted options to the Elders group of companies to acquire up to 53 per cent of Southern Resources equity over a five-year period.

Strong gains in oil prices following news that Opec had agreed to limit production triggered a marked decline in the dollar and in turn prompted a firm showing by international bullion prices. This boosted *Australian gold mining* shares, but the strength of sterling against the dollar had a restraining effect on South African Golds.

The mining market's best performance came from the London-registered Rio Tinto-Zinc which jumped 26 to 678p, on a turnover of 1.3m shares, following a marked increase in institutional buying orders. Consolidated Gold Fields were also a firm market, in the wake of weekend Press comment suggesting a stake building exercise by *Mr T. Boone Pickens*, the US corporate raider. Gold Fields' shares moved up 4 to 672p.

Traded Options

Total contracts transacted in Traded Options amounted to 30,158, comprising 18,920 calls and 11,238 puts. The market's latest addition British Gas accounted for well over a third of the business, recording 6,567 calls and 3,915 puts, while an evenly-matched trade in the FT-SE index saw 1,099 calls and 1,189 put alone.

Traditional Options

- **First dealings** Dec 15 Jan 5 Jan 19
- **Last dealings** Jan 2 Jan 16 Jan 30
- **Last declaration** Mar 19 Apr 2 Apr 23
- **For Settlement** Mar 30 Apr 13 May 5

For rate indications see end of Unit Trust Service

Stocks favoured for the call included Mercury Securities, Amstrad, Norfolk Capital, North Kalgurli, Godfrey Davis, Whim Creek, TV Services, Cecil Gee, Hanson Trust, TSB, BBA, Western Motor, Pentos, Fine Art Developments, F. J. C. Lilley, Birmid Qualcast, Ferranti, ICI, Petranol, Stakis, Pentland, Parkfield, Smith and Whitworth and Kennedy Brookes. No *Puts* were recorded but double options were taken out in North Kalgurli and Amstrad.

FINANCIAL TIMES STOCK INDICES

	Dec. 22	Dec. 19	Dec. 18	Dec. 17	Dec. 16	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	82.89	82.32	82.19	82.13	82.30	82.94	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	89.67	89.21	89.17	89.15	89.25	88.96	97.68 (7/7)	86.55 (23/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,286.1	1,272.1	1,270.6	1,276.1	1,279.6	1,113.5	1,425.9 (3/4)	1,094.3 (14/1)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	309.2	311.4	311.3	315.9	316.6	244.8	357.8 (22/9)	185.7 (18/7)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.45	4.49	4.49	4.47	4.47	4.46				
Earnings Yld.%(full)	10.57	10.63	10.63	10.60	10.63	11.09				
P/E Ratio (net) (*)	11.61	11.54	11.54	11.57	11.58	11.13				
SEAQ Bargains (5pm)	30,012	31,646	30,087	34,415	38,336	—				
Equity Turnover (£m)	—	1,299.24	1,245.99	1,270.07	1,160.01	494.20				
Equity Bargains	—	54,328	60,168	62,517	61,657	17,694				
Shares Traded (ml)	—	571.9	512.7	586.9	703.9	236.4				

S.E. ACTIVITY

Indices	Dec. 19	Dec. 18
Gilt Edged Bargains	122.9	110.8
Equity Bargains	352.0	389.9
Equity Value	2626.1	2518.5
5-Day Average		
Gilt Edged Bargains	117.1	120.3
Equity Bargains	368.7	357.3
Equity Value	2557.3	2503.8

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
—	1277.1	1279.4	1281.0	1281.7	1282.1	1282.3	1282.7

Day's High 1286.1. Day's Low 1272.0

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.39.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (125)

AMERICANS (2), BANKS (1), BREWERS (1), BUILDINGS (3), CHEMICALS (2), STORES (8), ELECTRICALS (9), ENGINEERING (3), FOODS (4), INDUSTRIALS (18), INSURANCE (3), LEISURE (4), MOTORS (3), NEWSPAPERS (2), PAPER (2), PROPERTY (3), TEXTILES (4), TRUSTS (34), OILS (6), MINES (11).

NEW LOWS (15)

BRITISH FUNDS (2) Exch 13¾pc 1987 LOANS (1) Nationwide 3⅞pc IL Ln. 2021. AMERICANS (1), Honeywell. BREWERS (1), Bulmer (H. P.). BUILDINGS (1), Henderson Group. STORES (1), Prontaprint. ELECTRICALS (1), Mellerware International. INDUSTRIALS (3), High-Point Services, Huntleigh, Sidlaw Group. INSURANCE (1), Dewey Warren. LEISURE (2), Media Technology International. PAPER (1), Millward Brown. OILS (2), Shell Transport 7pc Pref. MINES (1), Colby Resources.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	2,800	151	+4	Land Securities	337	333	+3
Allied Lyons	4,300	313	+5	Legal & Gen.	939	248	+3
BAT	1,300	410	+7	Lloyds Bnk.	298	437	—
BOC	238	362	+1	Lonrho	1,530	235	+1
BTR	1,900	272	+7	Marks & Spncr	6,300	176	+5
Barclays	574	507	+8	Midland Bank	299	577	+5
Bass	352	723xd	+10½	NatWest Bank	771	527	+5
Beecham	996	438	+5	Pearson	2,200	575	+8
Blue Circle	193	653	-3	P & O	1,300	493	+3
Boots	3,100	227	+3	Pilkington Bros	2,200	650xd	+5
Brit. Aero	769	493	+3	Plessey	11,000	183½	+9
Brit. Gas	93,000	63¾	+1½	Prudential	452	804	+7
Britoil	12,000	170	+4	Racal	3,800	178½	+4½
BP	5,600	714	+12	Rank Org	280	697	+7
Brit. Telecom	9,900	211xd	+8	Reckitt & Col.	35	[illegible]	[illegible]
Burton	3,600	270xd	+14	Reuters	292	564	[illegible]
Cable & Wire	2,300	331	+9	RTZ	1,300	678	+26
Cadbury Schwps	749	183	+2	Rowntree Mac	482	399	+3
Coats Viyella	720	467	+1	Royal Insurance	718	862	+15
Comm. Union	341	264	+2	STC	4,800	173	+3
Cons. Gold	906	672	+4	Sainsbury	1,300	415	+4
Courtaulds	1,300	314	+2	Sears	3,500	128	+3
Dee Corp	2,000	202	—	Sedgwick	391	316	+2
Dixons Grp	3,300	310	+5	Shell Trans	725	982	+10
Fisons	333	523	+3	Smith & Nephew	798	122	+1
Gen. Accident	152	799	+5	Standard Chart	213	787	—
Gen. Elect.	8,300	177	+7	Storehouse	3,700	276xd	+15
Glaxo	872	£10¼	—	Sun Alliance	449	[illegible]	[illegible]
Grand Met	1,200	454	+1	TSB	4,300	77½	+1
Gas "A"	151	£10¼	+¼	Tesco	[illegible]	385	+5
Guardian R.E.	224	789	+5	Thorn EMI	344	467	+6
GKN	658	263	+2	Trafalgar House	496	279xd	+5
Guinness	5,000	284xd	+7	Trusthouse Forte	1,400	169	+3
Hanson Trust	2,600	184½	+1½	Unilever	386	£21⅜	+¾
Hawker Sidd	371	432	+3	United Biscuits	958	259	+2
ICI	702	£10⅛	—	Wellcome	2,700	223	+7
Jaguar	292	516	—	Woolworth	1,200	685	+20
Ladbroke	268	374	+2				

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	86	17	4
Corporations, Dominion and Foreign Bonds	16	0	44
Industrials	601	302	635
Financial and Properties	215	105	264
Oils	53	13	49
Plantations	1	1	11
Mines	59	52	74
Others	60	68	80
Totals	1,092	558	1,176

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Mon Dec 22 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Fri Dec 19 Index No.	Thur Dec 18 Index No.	Weds Dec 17 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	682.78	+1.3	9.15	3.82	13.83	17.69	673.81	673.90	674.25	568.67
2	Building Materials (27)	849.95	+0.3	8.92	3.62	14.10	21.45	847.08	852.74	850.83	631.18
3	Contracting, Construction (29)	1171.76	+0.9	8.06	3.97	17.05	32.88	1161.35	1165.74	1162.80	914.60
4	Electricals (12)	1734.06	+1.1	8.69	4.86	14.77	56.02	1715.67	1726.59	1723.94	1511.72
5	Electronics (38)	1498.83	+2.8	9.63	2.75	13.77	30.79	1457.60	1447.48	1434.15	1405.64
6	Mechanical Engineering (61)	384.47	+0.8	10.28	4.31	12.37	11.47	381.55	381.09	382.82	321.97
8	Metals and Metal Forming (7)	349.88	+1.2	10.13	4.25	12.22	10.32	345.58	344.79	347.29	239.67
9	Motors (15)	263.25	+0.6	10.50	3.99	10.98	6.98	261.79	261.37	262.67	206.08
10	Other Industrial Materials (21)	1172.70	+1.5	7.57	4.69	15.67	31.80	1154.90	1157.14	1171.25	1003.91
21	CONSUMER GROUP (186)	937.18	+0.9	8.18	3.41	15.42	22.69	928.92	931.37	935.07	757.70
22	Brewers and Distillers (22)	921.65	+0.4	9.22	3.76	13.61	25.07	918.29	919.41	934.76	770.35
25	Food Manufacturing (24)	732.79	+0.8	9.26	3.85	14.15	19.96	727.21	728.46	730.18	565.02
26	Food Retailing (16)	1810.20	—	7.30	2.96	19.08	35.41	1810.50	1812.89	1820.51	1731.30
27	Health and Household Products (10)	1626.49	+0.4	5.84	2.33	19.85	26.19	1619.53	1619.20	1598.61	1214.30
29	Leisure (29)	963.83	+0.7	7.80	4.21	16.76	27.59	957.10	958.64	963.34	748.55
32	Publishing & Printing (14)	2742.07	+1.6	7.11	4.16	18.14	77.81	2697.67	2697.29	2708.80	1830.05
33	Packaging and Paper (14)	484.29	+0.5	7.06	3.45	18.34	11.91	481.88	484.11	482.56	326.38
34	Stores (38)	817.23	+2.1	7.78	3.30	17.45	18.68	800.67	806.05	814.86	753.80
35	Textiles (17)	548.46	+0.1	9.72	3.73	11.84	14.49	547.92	545.17	543.21	381.71
36	*Tobaccos* (2)	1313.66	+1.4	12.60	3.94	8.72	38.02	1295.16	1308.38	1318.95	880.37
41	OTHER GROUPS (86)	808.96	+0.9	8.93	4.11	14.37	23.03	801.54	799.41	799.03	699.68
42	Chemicals (20)	1006.35	+0.1	8.82	4.36	13.82	29.68	1005.10	1009.24	1008.29	727.13
44	Office Equipment (4)	259.90	+1.1	7.15	4.09	16.91	7.55	256.99	257.01	258.37	206.82
45	Shipping and Transport (12)	1506.45	+0.2	7.95	4.63	16.03	46.37	1503.11	1503.16	1513.40	1313.76
47	Telephone Networks (2)	839.27	+2.5	11.15	4.59	12.23	27.20	818.77	808.27	803.05	869.59
48	Miscellaneous (48)	1097.02	—	7.06	3.27	17.46	25.09	1096.64	1098.79	1102.84	865.06
49	INDUSTRIAL GROUP (482)	846.80	+1.0	8.60	3.68	14.74	21.72	838.36	838.99	840.71	700.81
51	Oil & Gas (18)	1491.38	+1.4	11.42	6.08	11.07	63.41	1470.91	1464.72	1469.89	1119.95
59	500 SHARE INDEX (500)	901.44	+1.1	9.01	4.03	14.06	24.98	891.95	891.97	893.99	736.80
61	FINANCIAL GROUP (118)	607.82	+0.7	—	4.70	—	19.16	603.82	602.65	606.20	513.69
62	Banks (8)	674.31	+0.8	18.71	5.45	7.33	24.78	669.01	667.49	668.73	527.27
65	Insurance (Life) (9)	859.53	+0.7	—	4.53	—	27.29	853.88	852.63	856.96	780.14
66	Insurance (Composite) (7)	454.15	+1.0	—	4.78	—	15.57	449.52	445.80	452.21	400.57
67	Insurance (Brokers) (9)	1141.19	+0.3	8.20	4.64	15.89	36.30	1137.92	1142.45	1159.62	1161.41
68	*Merchant Banks* (11)	344.22	+0.9	—	4.23	—	7.81	341.31	341.59	341.76	280.60
69	Property (49)	798.62	+0.4	6.03	3.64	21.57	19.90	795.24	794.63	798.88	663.62
70	Other Financial (25)	360.11	—	9.90	4.44	12.41	10.65	360.05	360.73	363.15	294.93
71	Investment Trusts (97)	867.69	+0.3	—	2.65	—	16.87	864.84	868.70	869.27	642.93
81	Mining Finance (2)	335.40	+2.7	9.33	4.78	12.60	11.30	326.43	325.77	327.76	245.22
91	Overseas Traders (13)	757.35	+0.5	10.49	5.91	11.53	29.87	753.37	747.76	750.55	589.01
99	ALL-SHARE INDEX (730)	823.18	+1.0	—	4.10	—	23.11	815.18	815.04	817.34	672.30

	Index No.	Day's Change	Day's High	Day's Low	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15	Year ago
FT-SE 100 SHARE INDEX ‡	1652.2	+20.0	1652.2	1640.0	1632.2	1630.6	1636.3	1637.9	1637.0	1388.6

FIXED INTEREST

	PRICE INDICES	Mon Dec 22	Day's change %	Fri Dec 19	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	119.30	+0.24	119.07	0.06	11.31
2	5-15 years	130.19	+0.79	129.17	—	13.89
3	Over 15 years	136.25	+1.07	134.99	0.18	13.60
4	Irredeemables	149.56	+1.08	147.97	—	13.57
5	*All stocks*	128.67	+0.66	127.87	0.05	13.09
	Index-Linked					
6	5 years					
7	Over 5 years					
8	All stocks					
9	Debentures & Loans	111.80	+1.13	110.64	0.09	11.81
10	*Preference*	78.78	+0.16	78.85	0.20	6.56

	AVERAGE GROSS REDEMPTION YIELDS		Mon Dec 22	Fri Dec 19	Year ago (approx.)
	British Government				
1	Low	5 years	9.87	9.90	10.17
2	Coupons	15 years	10.28	10.41	10.31
3		25 years	10.28	10.41	10.32
4	Medium	5 years	11.01	11.15	11.20
5	Coupons	15 years	10.61	10.75	10.65
6		25 years	10.32	10.44	10.26
7	High	5 years	11.07	11.21	11.28
8	Coupons	15 years	10.79	10.92	10.80
9		25 years	10.36	10.49	10.43
10	Irredeemables †		10.08	10.19	9.77
	Index-Linked				
11	Inflat'n rate 5%	5 yrs			0.0
12	Inflat'n rate 5%	Over 5 yrs			0.0
13	Inflat'n rate 10%	5 yrs			0.0
14	Inflat'n rate 10%	Over 5 yrs			0.0
15	Debs &	5 years	11.64	11.78	11.72
16	Loans	15 years	11.46	11.56	11.47
17		25 years	11.46	11.56	11.47
18	Preference †		11.87	11.85	12.00

‡Opening index 1640.3; 10 am 1642.2; 11 am 1643.6; Noon 1646.8; 1 pm 1647.7; 2 pm 1648.3; 3 pm 1648.4; 3.30 pm 1648.0; 4 pm 1648.1

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

LONDON TRADED OPTIONS

December 22. Total Contracts 30,158. Calls 18,920. Puts 11,238

FT-SE Index. Calls 1,099 Puts 1,189

*Underlying security price.

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

WORLD STOCK MARKETS

AUSTRIA

Dec. 22	Price Sch.	+ or −
Creditanst'lt pp	2,150	+20
Goesser	3,320	+20
Interunfall	11,300	−120
Jungbunzlauer	11,420	
Laenderbank	2,160	−45
Perlmooser	625	+25
Steyr Daimler	166	
Veitscher Mag	11,135	

BELGIUM/LUXEMBOURG

Dec. 22	Price Frs.	+ or −
B.B.L.	3,080	+10
Banq. Gen. Lux.	15,900	+100
Banq. Int. A.Lux.	15,050	
Bekaert	10,300	+100
Ciment CBR	4,030	
Cockerill	157	+5
Delhaize	2,860	−60
EBES	4,900	+60
Electrobel	14,925	
Fabrique Nat.	1,960	+55
GB Inno BM	9,390	+50
GBL Brux.	3,550	
Generale Bank	6,080	+30
Gevaert	5,200	−100
Hoboken	7,600	+30
Intercom	5,915	−10
Kredietbank	4,210	
Pan Hldgs.	10,850	
Petrofina	9,450	+190
Royale Belge	29,416	−2
Soc. Gen. Belge.	3,450	+15
Sofina	11,675	+25
Solvay	6,640	−40
Stanwick Intl.	165	

GERMANY

Dec. 22	Price Dm.	+ or −
AEG	330.0	−5.5
Allianz Vers	2,385	+15
BASF	273.6	−0.5
Bayer	318.5	+0.1
Bayer-Hypo	566	+1
Bayer-Verein	525	−4
BHF-Bank	528	−3
BMW	577	−12
Brown Boveri	294	
Commerzbank	305.5	−1
Cont'l Gummi	341.5	−0.5
Daimler Benz	1,264xr	−5.5
Degussa	472.5	+3.5
D'sche Babcock	307	+7
Deutsche Bank	816.5	−6.5
Dresdner Bank	408.5	−2
Feld Muehle Nbl	390	−1
Henkel	486.5	−6.5
Hochtief	940	+20
Hoechst	268.5	−0.1
Hoesch werke	114	
Holzmann (P)	510.9	
Horten	235	
Hussel	614	+3
Karstadt	476	−5
Kaufhof	530.5	+4.5
KHD	174.5	+1.5
Kloeckner	60.5	+0.5
Linde	720	−9
Lufthansa	175.5	+4.5
MAN	189	−6
Mannesmann	172	−1
Mercedes Hld.	1,035	−15
Metallgesell	295	−2.5
Muench Rueck	2,593	+93
Nixdorf	742	+2.1
Porsche	1,032	−28

NETHERLANDS (continued)

Dec. 22	Price Fls	+ or −
Oce Grinten	477	+1
Ommeren (Van)	38.7	+0.1
Pakhoed	69.9	+2.4
Philips	44.3	+0.3
Robeco	95.7	+0.4
Rodamco	158.5	
Rolinco	84.6	+0.2
Rorento	49.9	
Royal Dutch	211	+0.6
Unilever	623.5	+2.5
VMF Stork	28.0	+1
VNU	352	+1.5
Wessanen	83	+0.6
West Utr Bank	80	

FRANCE (continued)

Dec. 22	Price Frs.	+ or −
Nord Est	198	−0.8
Pernod Ricard	1,070	−22
Perrier	799	+3
Petroles Fra.	416.5	−1.5
Peugeot S.A.	1,251	+10
Printemps (Au)	575	−7
Radio tech	1,099	+45
Redoute	2,490	+5
Roussel-Uclaf	1,551	+26
Sefimeg	493	−5
Skis Rossignol	1,250	−19
Telemec Elect.	3,240	−50
Thomson (CSF)	1,610	+6
Valeo	628	−10

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Prices at 2.30pm December 22

WE REGRET that Toronto closing prices were not available for this edition due to computer problems.

Sales	Stock	High	Low	Close	Chng
4225	AMCA Int	$9¾	9½	9⅝	⅛
7000	Aberford	425	395	425	+20
1100	Abitibi Pr	$29⅝	29½	29⅝	
50	Acklands	$16¾	16¾	16¾	
10946	Agnico E	$25½	25⅛	25¼	⅛
332990	Alberta En	$14⅛	13⅞	14	+⅛
1250	Alberta N	$13¾	13⅝	13¾	+⅛
56514	Alcan	$38	38⅝	38¾	−⅛
2007	Algoma St	$11	10⅞	10⅞	−⅛
19000	Asamera	$11	10⅞	11	+⅛
2100	Atco I f	$7⅞	7¾	7¾	−⅛
300	Atco II	$7¾	7¾	7¾	−⅛
1200	BC Sugar A	$19	19	19	
600	BCR A	$9⅝	9½	9½	⅛
2830	BP Canada	$37	36½	36½	−½

MONTREAL

Closing prices December 22

Indices

NEW YORK

NYSE-Consolidated 1500 Actives

** Saturday December 13: Japan Nikkei (c). TSE (c).

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 27

Stock	Sales (Hnds)	High	Low	Last	Chng
OshkR	19 106	18¼	17¾	17¾	− ½
Reeves	21 710	8¾	8¼	8⅝	
Relac	49 52	9¾	9¼	9¾	
RgcyEl .20	579	6⅛	5⅞	6⅛	
RntCtrs	26 120	24¾	24½	24¾	
RepAm 10e	16 716	15⅝	15⅛	15¾	
PgSdBs .72	9 242	21¼	21	21	− ⅜
PuritBs .20	17 344	30¼	29½	30¼	+ ¼
Quadrx	273	9¼	9½	9½	− ⅛
Quantm	11 116	19	18¾	19	+ ¼
Quotes	175	12¼	12⅛	12¼	
RPM .72	19 496	20	19¾	19⅞	⅛
RacSys	10 498	9⅛	8⅞	8⅞	⅛
Rainer 1.08	10 823	33	32	32¼	− ¾
Reading	20 282	23⅜	22½	22⅞	−1
Society 1.92	8 518				
SoctySa .07r	19 1412	24¾	23½	23¾	−1
SchwA	10 1527	11½	d10	11½	+ ¾
SonocP .80a	16 942	38¾	38¼	38¾	+ ¼
SoundW	10 40	15¼	14⅞	15⅛	+ ¼
StbdFn .42	780	14⅛	d13⅝	14	− ¼
Soutrst .68	10 200	21¾	21⅛	21¾	+ ⅜
Sovrgn .10	98 635	7	6¾	6⅞	
Sowtan 1.36	9 1152	35½	35¼	35¼	¼
Speclys	21 1331	16¾	16¼	16¾	+ ½
SpecCtl .07	17 166	10⅛	9⅞	9⅞	− ⅛
StarSof	60 253	7⅞	7⅛	7¼	− ⅝
Unimed	164	12½	11½	12	− ½
UnFedl .05e	4 228	18¾	18⅜	18⅜	− ¼
UnNatl 1.14	12 109	38¼	31¾	32½	− ½
UnPlntr	15 361	38½	37¼	37¼	−1¼
UnWarn	20 607	34¼	33	34	+ ½
UACms .04	36 2232	17¼	17⅛	17⅛	
UBArlz .72	15 2287	32⅝	32½	32½	
UBWash	8 60	32	31⅝	31⅝	
UBCol 1.08	7 162	23	d22½	22¼	
UCaroB 1.04	10 180	29¼	28¾	29¼	+ ¼
UCtyGs 1.60	16 86	24	23½	24	
UFireCs .80	14 6	29	28⅞	29	+ ½
Wyse	13 2534	18	17⅝	17⅞	
XLData	12 22	16½	16½	16½	
XOMA	170	11¾	11½	11½	− ¼
Xicor	1060	6¾	6½	6½	⅛
Xidex	28 3745	13	12½	12⅞	+ ¼
Xyvsn	172 38	13¼	13¼	13¼	+ ½
YlowFs .82	14 1300	38⅜	38¼	38⅜	+ ⅛
ZenNtl .80	17 741	22¼	21½	22¼	+ ¾
ZionUt 1.44	10 31	41	40¼	41	
Zondvo	30 331	25¼	25	25	¼

NYSE COMPOSITE CLOSING PRICES

Continued from Page 27

LONDON Chief price changes (in pence unless otherwise indicated)

RISES

Tr. 14pc 1998-2001	£118¹³⁄₁₆	+ 1⅛
Assoc. News.	423	+25
Batleys	80	+ 7
Bealess (J.)	197	+ 6
Brad Prop	485	+15
BP	714	+12
BPCC	250	+10
Burndene Inus.	105	+10
Burton	270	+14
China & Eastern	120	+ 8
Extel	428	+25
Finlan (J.)	85	+ 6
Foth & Har	247	+11
GEC	177	+ 7
Guinness	284xd	+ 7
Hampton Trust	59	+ 5
Imtec	21	+ 5
Morgan Grenfell	393	+12
Multitone Elect.	51	+11
Norbain Elec.	38	+10
Parrish (J.T.)	337	+12
Plessey	183½	+ 9½
RTZ	679	+27
Shell Trans	982	+10
Stand Sec	200	+27
Storehouse	276xd	+15¼
Tomkins (F.H.)	276	+13
Trade Prom	188	+ 7
Utd.Trust&Credit.	490xd	+ 8
Woolworth	685	+20

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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NYSE COMPOSITE CLOSING PRICES

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Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 25

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Downturn as the spell wears off

WITH THE effects of last Friday's triple witching hour wearing off rapidly, Wall Street stock prices fell moderately yesterday, *writes Roderick Oram in New York.*

Credit markets showed resilience in the face of oil price rises prompted by Opec's production cutting agreements, with bond prices rising on the day.

As in past "mornings-after" the excesses surrounding the quarterly simultaneous expiry of three types of futures and options contracts, the stock market experienced an opposite if not quite equal reaction.

Much of the 17 point rise in the Dow Jones industrial average in the last half hour of trading on Friday was given up in yesterday morning's trading as the market digested the unprecendented volume of shares traded at Friday's close.

A bout of buying late in the session trimmed losses, however, leaving the industrial average down only 2.39 points at the close at 1,926.46. The New York Stock Exchange composite index was off 0.63 points at 142.02 with declining issues leading rising by a margin of almost two-to-one on volume of 157.6m shares.

Among blue chips, American Express slipped $⅛ to $59⅝, Anheuser Busch lost $¼ to $26¼, Citicorp gave up $⅝ to $53⅞, Coca-Cola gained $⅛ to $39½, GTE edged up $¼ to $59½, McDonald's lost $1 to $64 and Proctor and Gamble rose $⅝ to $80¼.

Oil companies were generally stronger after Opec's weekend agreement to cut oil production. In New York the spot price of West Texas intermediate crude ended the day up 82 cents at $17.22. But Opec's ability to maintain market discipline and hence prices may be short lived as it has been in the past.

Among oil companies, Chevron gained $½ to $46½, Texaco put on $⅜ to $36, Standard Oil was up $⅞ to $50⅜, Atlantic Richfield rose $1¼ to $61¾ and Exxon added $⅛ to $72⅞. Amoco dropped $1⅛ to 68⅜.

Airlines, whose profitability is closely linked to oil prices, were generally lower despite heavy holiday traffic. United Airlines fell $⅛ to $57¾, American Airlines lost $⅞ to $55¼, Delta gave up $¼ to $48⅞ and Texas Air, the largest US carrier, was down $¼ to $35⅝.

Two of the three giants of US industry which announced last week heavy charges from restructuring or layoffs continued to fall. IBM was down $2 to $123⅛ and General Motors slipped $⅛ to $66⅜. AT&T, however, recovered $⅜ to $25⅛.

Chrysler dropped $⅞ to $39⅛. It announced $2.9bn of capital spending for the coming year, down from $3.1bn this year. Ford Motor was off $⅝ to $57⅞.

Navistar, the former International Harvester, was the most active issue on the NYSE with 5m shares traded on an unchanged price of $4⅞. It offered 128.3m shares yesterday at $4¾.

On the takeover front, Joy Manufacturing jumped $2¼ to $34⅝ after announcing plans for a management buy-out at $35 a share. Earlier yesterday Pullman Peabody, unchanged at $7⅛, had offered to raise its takeover bid to $34 a share if a friendly deal could be concluded.

Telerate gained $2 to $28¼. It said it was buying out the 49.6 per cent minority stake in AP-Dow Jones-Telerate from Dow Jones. The company provides Telerate's on-line financial information outside North America.

Quiet trading in the credit markets was influenced mostly by the Opec production cutting agreement and the resulting higher oil prices. A weaker dollar also contributed to the initial fall of around ¼ of a point in bond prices.

The downturn was short-lived, however, and prices bounced back in the afternoon. The benchmark 7.50 per cent Treasury long bond finished up 7/32 of a point at 101 25/32 yielding 7.35 per cent.

Three-month Treasury bills gained two basis points to 5.52 per cent, six-month bills rose three basis points to 5.59 per cent and year bills edged up one basis point to 5.58 per cent.

The only economic figures due out this week are November's durable goods orders released today. A rise of about 1.5 per cent is expected although this strong growth should be seen in the context of a 5 per cent fall the previous month.

The Federal Reserve added liquidity to the market with seven-day system repurchases when the Fed funds rate stood at 6 7/16 per cent. The rate ended the day at 6½ per cent.

TOKYO

Prices slip after climb to record

LIGHT selling dealt a blow to share prices in Tokyo after early record-breaking surges, *writes Shigeo Nishiwaki of Jiji Press.*

Some major contractors and properties were an exception.

The *Nikkei* market average closed 104.63 down from last Friday at 18,825.40, having gained 52.93 points shortly after the opening to eclipse the 18,936 peak scaled on August 20. Volume expanded from 688.78m to 856.74m shares. Declines outnumbered advances by 562 to 284, with 148 issues unchanged.

Early gains were sparked by large buy orders from corporations which have close relations with Nikko Securities. The major brokerage's president was replaced last Friday. Orders focused on blue chips, including Nippon Oil, Matsushita Electric Industrial, Hitachi and Fujitsu.

Many investors expect further rises in the coming weeks among a broad range of issues. However, they consider the recent rises to records as boding ill for the market.

Despite the absence of fresh incentives, big contractors were favoured. Kajima rose Y70 to Y1,450, exceeding the previous high of Y1,400 reached on December 12. Kumagai Gumi strengthened Y100 to Y1,290.

Among property stocks, Mitsubishi Estate added Y150 to Y2,580 and Mitsui Real Estate Y40 to Y1,980.

One dealer said the gains by contractors and properties were due to selective buying of these issues because blue chips were no longer in demand.

Among utilities Tokyo Gas added Y20 to Y1,180 on the third busiest volume of 34.44m shares traded, while Tokyo Electric Power weakened Y50 to Y8,090 on small-lot selling. Other utility stocks closed mixed in lethargic trading.

Blue chips ended lower almost across the board on profit-taking, in contrast to popularity last week. Hitachi finished unchanged at Y1,180, but Matsushita Electric Industrial eased Y20 to Y2,200, NEC Y30 to Y2,100 and Fujitsu Y40 to Y1,110.

Bonds weakened in listless trading, reflecting anxiety over the proposed rise in the securities transaction tax on convertible bonds.

The yield on the 5.1 per cent government bond due in June 1996 went up from 5.260 last Friday to 5.320 per cent.

Dealers generally remained undecided ahead of the possibility that the Government and the ruling Liberal-Democratic Party might increase the tax on convertible bonds by a factor of six and also introduce a tax on government bond futures contracts. These measures could trigger a flight of funds to other financial instruments, traders said.

Dealers were also waiting to see how US and European financial markets would react to Opec's agreement to raise its oil reference price to a fixed official level of $18 a barrel.

SOUTH AFRICA

THE FIRMER bullion price failed to boost golds in Johannesburg and the sector closed little changed from Friday.

Among golds Buffels lost 25 cents at R74.75 and Freegold lost 75 cents to R51.

Other minings included diamond group De Beers which lost 50 cents to R33.75. However, Impala Platinum added 50 cents to R50.50. Mining financial Anglo American added 25 cents to R65.50.

EUROPE

Plenty of reasons for caution

A MIXTURE of corporate news, domestic factors and the Opec agreement on an oil policy combined to leave European bourses mixed yesterday.

Frankfurt suffered from weak demand as brokers held back from opening new positions ahead of the end of the year. The sharp fall in the dollar also took its toll on prices although the market closed off its day's lows.

The Commerzbank index lost 2.8 to close at 2,035.9 in exceptionally quiet trading.

Some corporate developments provided a focus of attention. Among the banks Commerzbank lost DM 1 to DM 305.50 on the news that it had obtained a licence to carry out investment banking in Japan. Elsewhere in the sector Dresdner was down DM 2 to DM 406.50 and Deutsche DM 5.50 to DM 818.50.

Car-makers were among the sectors that suffered most from the general sluggishness. VW, which has increased its stake in Spain's Seat group, lost DM 5.50 to DM 430.50, BMW fell DM 8 to DM 577 and Daimler was DM 5.50 down to DM 1,234.50.

Electricals were also lower including Siemens, down DM 9 at DM 734.00. AEG, which has signed a deal with Hitachi, lost DM 5.20 to DM 330.50. Among chemicals BASF fell 50 pfg to DM 273.60 but Bayer managed to edge up 10 pfg to DM 318.30.

Retailers closed mixed despite forecasts that Christmas sales this year would rise 3.5 per cent.

In the bond market long maturities fell up to 20 basis points in directionless trading. The price of the recent 6½ per cent 1996 loan stock fell 20 basis points. The Bundesbank bought DM 16.7m worth of paper after selling DM 9.5m on Friday.

Amsterdam eased back from the day's highs although prices were generally firmer on balance despite worries over domestic interest rates. Sentiment was also dampened by Wall Street's lower opening.

Internationals saw some gains including Philips which added 30 cents to Fl 44.30, Unilever Fl 2.50 to Fl 523.50 and Royal Dutch 60 cents to Fl 46.40. Akzo added 20 cents to Fl 161.10 on the news that it had acquired certain medical units of Cooper Technicon of the US.

Brussels searched in vain for fresh factors and prices closed generally mixed to firmer.

Bellwether Petrofina was one of the few actively sought stocks. It gained a healthy BFr 190 to BFr 9,930 amid further speculation of a share split and in reaction to the Opec agreement.

Elsewhere chemicals and utilities closed generally down including UCB which lost BFr 160 to BFr 9,400.

Paris edged lower on profit-taking as market participants consolidated their positions on the last day of the bourse month.

Food stocks fell sharply including Générale Biscuit which lost FFr 300 to FFr 2,700. Among motor stocks tyre-maker Michelin was FFr 20 down at FFr 2,590 but Peugeot added FFr 10 to FFr 1,251.

Zurich closed generally firmer, helped by the news that telecommunications groups Hasler and Autophon were planning a merger. Hasler registered shares added SFr 675 to SFr 7,400 and Autophon bearer shares rose SFr 100 to SFr 8,900.

Milan, despite easing back from early gains, closed higher in all major sectors. Fiat rose L600 to L14,030, Olivetti L500 to L13,650, Pirelli L180 to L4,990 and Montedison L50 to L2,970.

Oslo benefited from the Opec agreement with gains seen among oils. Norsk Hydro added NKr 3.50 to NKr 145.50 and Saga Petroleum was 50 øre up at NKr 54.

Stockholm closed lower under the continuing influence of Fermenta's suspension and allegations of insider trading. **Madrid** fell amid active profit-taking although some gains were seen in the communications sector and among banks.

LONDON

THE OPEC output and pricing agreement boosted share prices in London as the market hoped benefits to sterling would lead to a reduction in the upward pressure on interest rates.

The FT-SE 100 index closed 20.00 higher at 1,652.2 and the FT Ordinary index rose 14.0 to 1,286.1.

Government bonds opened sharply higher. Near-dated and longer-dated issues moved up amid optimism that interest rates would remain steady.

Chief price changes, Page 25; Details, Page 24; Share information service, Pages 22–23.

HONG KONG

CORPORATE news and market rumours spurred Hong Kong over the 2,500 level to a new peak. The Hang Seng index gained 39.96 to close at 2,503.77. Its previous high of 2,467.13 was reached on December 11.

Sentiment was boosted by Friday's announcement of a 30.7 per cent acquisition by Australian businessmen Mr William Wyllie in Wah Kwong, suspended since Thursday when it closed at S$1.40.

There was also speculation that the Swire group might float Hongkong Aircraft. Swire Pacific closed 40 cents up at HK$19.50 and Hongkong Aircraft was 5 cents higher at HK$50.

AUSTRALIA

MEDIA stocks continued to dominate trading in Sydney which closed at a record with the all ordinaries index adding 3.8 to 1,460.6.

Media group News Corp's takeover target Herald and Weekly Times scored a 60 cent gain to A$13.00 amid speculation of a rival bid from Mr Robert Holmes à Court. News Corp closed 10 cents lower at A$4.60.

Opec's decision to return to fixed prices for oil boosted energy stocks including Santos which added 12 cents to A$4.12. Its takeover target Vamgas rose 5 cents to A$3.10.

SINGAPORE

AN ABSENCE of fresh factors discouraged buying in Singapore and prices fell over a broad front. The Straits Times industrial index closed 5.22 lower at 896.39 with turnover down to 11.8m compared with 13.7m on Friday.

Some of the biggest losses were seen among blue chips with banks registering a number of double-figure falls. OCBC was 20 cents down to S$9.00, Malayan Banking 10 cents lower at S$5.15, and OUB 8 cents off at S$3.56.

Elsewhere SIA dipped 10 cents to S$9.30, Haw Par Brothers 8 cents to S$2.92, Keppel Shipyard 4 cents to S$2.83 and Genting 10 cents to S$6.40.

CANADA

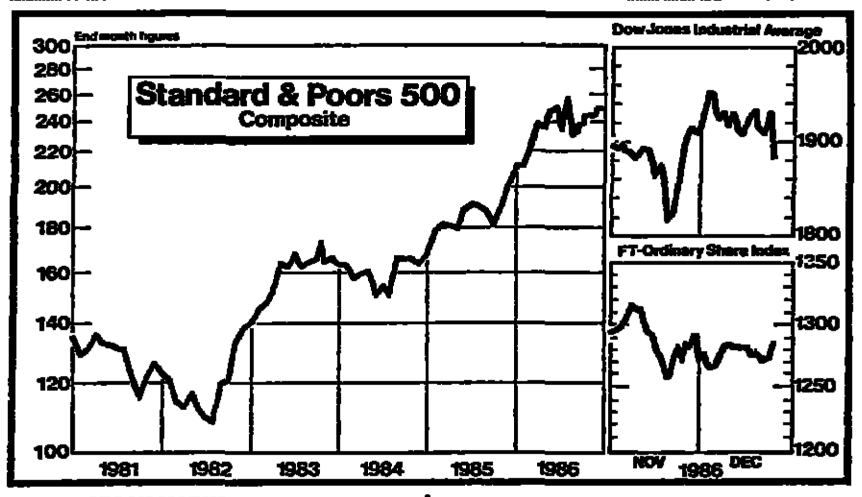
OILS traded higher against the lower trend in most other sectors in Toronto.

Among firmer energy shares Alberta traded C$⅛ higher at C$14, Dome Petroleum added 4 cents to C$88, Imperial Class A was C$½ higher at C$50¾ and Texaco Canada firmed C$¼ to C$33.

Industrials traded mostly weaker

Most sectors in Montreal traded marginally lower.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Dec 22	Previous	Year ago
NEW YORK			
DJ Industrials	1,926.18	1,928.85	1,543.0
DJ Transport	830.91	835.88	711.26
DJ Utilities	211.83	212.06	174.96
S&P Composite	248.75	249.44	210.94
LONDON			
FT Ord	1,286.1	1,272.1	1,113.5
FT-SE 100	1,652.2	1,632.2	1,386.5
FT-A All-share	823.18	815.18	672.30
FT-A 500	901.44	891.95	736.80
FT Gold mines	309.2	311.4	244.8
FT-A Long gilt	10.36	10.49	10.53
TOKYO			
Nikkei	18,825.40	18,930.0	13,011.1
Tokyo SE	1,566.66	1,569.0	1,038.24
AUSTRALIA			
All Ord.	1,460.6	1,456.8	986.6
Metals & Mins.	718.0	717.9	476.0
AUSTRIA			
Credit Aktien	230.66	229.29	237.77
BELGIUM			
Belgian SE	4,053.66	4,034.98	2,895.77
CANADA			
Toronto			
Metals & Mins	1,969.5	1,975.7	2,069
Composite	3,044.6	3,047.3	2,878.3
Montreal			
Portfolio	1,537.44*	1,538.86	141.36
DENMARK			
SE	n/a	192.15	232.88
FRANCE			
CAC Gen	410.90	410.90	252.4
Ind. Tendance	163.10	163.30	95.3
WEST GERMANY			
FAZ-Aktien	672.93	675.23	626.21
Commerzbank	2,035.90	2,038.7	1,871.1
HONG KONG			
Hang Seng	2,503.77	2,463.81	1,720.18
ITALY			
Banca Comm.	715.60	702.67	449.84
NETHERLANDS			
ANP-CBS Gen	283.40	280.80	250.8
ANP-CBS Ind	279.40	276.40	235.3
NORWAY			
Oslo SE	358.58	356.60	387.30
SINGAPORE			
Straits Times	896.39	901.64	600.29
SOUTH AFRICA	Dec 22	Prev	Year Ago
JSE Golds	—	1,903.0	1,151.8
JSE Industrials	—	1,390.0	1,042.0
SPAIN			
Madrid SE	207.60	208.83	99.23
SWEDEN			
J & P	2,453.64	2,462.21	1,716.85
SWITZERLAND			
Swiss Bank Ind	588.00	587.2	581.4
WORLD	Dec 19	Previous	Year ago
MS Capital Int'l	355.3	353.1	252.2

COMMODITIES

(London)	Dec 22	Prev
Silver (spot fixing)	375.15p	374.95p
Copper (cash)	£923.50	£933.25
Coffee (January)	£1,792.50	£1,801.00
Oil (Brent blend)	$17.05	$16.25

GOLD (per ounce)

	Dec 22	Prev
London	$393.75	$393.50
Zürich	$394.25	$395.00
Paris (fixing)	$394.96	$392.86
Luxembourg	$394.50	$394.50
New York (Feb)	$398.3	$395.80

CURRENCIES

(London)	US DOLLAR Dec 22	US DOLLAR Previous	STERLING Dec 22	STERLING Previous
$	–	–	1.4415	1.4325
DM	1.9780	2.0060	2.8525	2.8750
Yen	162.75	163.15	234.50	233.25
FFr	6.4975	6.5725	9.3700	9.4200
SFr	1.6595	1.6845	2.3925	2.4150
Guilder	2.2375	2.2665	3.2250	3.2475
Lira	1,373	1,391.5	1,980	1,994
BFr	41.15	41.75	59.35	59.80
C$	1.3775	1.3795	1.9865	1.9755

INTEREST RATES

	Dec 22	Prev
Euro-currencies (3-month offered rate)		
£	11 9/16	11⅝
SFr	4⅜	4 7/16
DM	5 7/16	5 5/16
FFr	9½	9⅛
FT London Interbank fixing (offered rate)		
3-month US$	6⅞	6 15/16
6-month US$	6 13/16	6¾
US Fed Funds	6 7/16	5⅞
US 3-month CDs	6.50	6.35
US 3-month T-bills	5.53	5.65

US BONDS

Treasury

		December 22* Price	Yield	Prev Price	Yield
6⅞	1988	99 29/32	6.284	99 27/32	6.30
7¼	1993	100 20/32	6.952	100 18/32	6.96
7¼	1996	101 4/32	7.067	101 3/32	7.09
7¼	2016	101 24/32	7.353	101 15/32	7.385

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index	Dec 22 Day's change	Yield	Day's change
1–30	160.79	+0.09	6.92	+0.01
1–10	152.75	+0.07	6.63	+0.01
1– 3	142.33	+0.04	6.34	+0.02
3– 5	155.57	+0.08	6.71	+0.01
15–30	189.53	+0.15	7.85	+0.00

Source: Merrill Lynch

Corporate	December 22* Price	Yield	Prev Price	Yield
AT & T				
3⅞ July 1990	92.329	6.35	92.25	6.371
SCBT South Central				
10⅞ Jan 1993	106.25	9.50	106.375	9.495
Phibro-Sal				
8 April 1996	99.50	8.075	99.50	8.075
TRW				
8¾ March 1996	103.75	8.158	103.75	8.159
Arco				
9⅞ March 2016	111.0	8.818	110.75	8.840
General Motors				
8⅛ April 2016	93	8.79	93	8.792
Citicorp				
9⅞ March 2016	100.75	9.298	100.75	9.298

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT)				
8% 32nds of 100%				
March	99-20	99-26	99-06	99-24
US Treasury Bills (IMM)				
$1m points of 100%				
March	94.73	94.77	94.68	94.73
Certificates of Deposit (IMM)				
$1m points of 100%				
Dec	94.02	n/a	n/a	94.02
LONDON				
Three-month Eurodollar				
$1m points of 100%				
March	93.92	93.92	93.90	93.94
20-year Notional Gilt				
£50,000 32nds of 100%				
Dec	111-06	n/a	n/a	109-31

* *Latest available figures*